

# DEVELOPING

SUSTAINABLE ADVANTAGES

ANNUAL REPORT 2013



**MATRIX CONCEPTS HOLDINGS BERHAD**

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Proxy Form

*The greatest results in life are usually attained by simple means and the exercise of good qualities. This option explores the fact that as we look ahead to building an environment that is perfect for living in the future, we are constantly improving and dedicating our commitment and business activities to achieve our goals and that of the future generations to come. As we continue to build and strengthen our reputation as a quality and leading property developer of today, and tomorrow.*

MATRIX CONCEPTS HOLDINGS BERHAD

# CORPORATE PROFILE

The Group has to date, successfully completed and sold 22,000 residential and commercial properties with a Gross Development Value (GDV) of RM2.5 billion. Currently the Group is embarking on two (2) flagship developments, which will propel the growth of the Group over the next 10-15 years with a combined GDV of approximately RM5 billion. The strength of the Group, among others, are its marketing strategies, delivering end-products ahead of schedule, good customer service and a team of committed and responsible workforce. The Group was accredited with ISO 9001 status by BM TRADA OF UK in August 2005 and listed on Main Board of Bursa Malaysia Securities Berhad on 28 May 2013.



## VISION MISSION

The creation of a benchmark – nurturing environment and enriching lives by being a caring and community developer. Providing premier to quality education for our future generation and diversify into sustainable property investment.

- i) Strive to consistently exceed our customers' expectations through delivering par excellence products and professional services of total customer satisfaction.
- ii) Continuously develop our highly-valued human capital based on meritocracy to ensure continuous growth for both the business and stakeholders.
- iii) Creation and enhancing shareholders' value and fulfillment of our corporate social responsibility.



## AWARDS & ACHIEVEMENTS

AWARDED SUSTAINABLE TOWNSHIP OF THE YEAR



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Dato' Haji Mohamad Haslah Bin Mohamad Amin

*Chairman*

*(Non-Independent Non-Executive Director)*

### Dato' Lee Tian Hock

*Founder, Group Managing Director/Chief Executive Officer*

*(Non-Independent Executive Director)*

### Ho Kong Soon

*Deputy Group Managing Director/Chief Operating Officer*

*(Non-Independent Executive Director)*

### Dato' Firdaus Muhammad Rom Bin Harun

*(Independent Non-Executive Director)*

### Dato' (Ir.) Batumalai A/L Ramasamy

*(Independent Non-Executive Director)*

### Rezal Zain Bin Abdul Rashid

*(Independent Non-Executive Director)*

### Salmah Binti Sharif

*(Independent Non-Executive Director)*

## AUDIT COMMITTEE

Rezal Zain Bin Abdul Rashid (*Chairman*)

Dato' Firdaus Muhammad Rom Bin Harun

Salmah Binti Sharif

## COMPANY SECRETARIES

Loo Kah Boon

(MAICSA 0784630)

Hoh Leong Ching

(MAICSA 7006654)

## REGISTERED OFFICE

Wisma Matrix

57, Jalan Tun Dr Ismail,

70200 Seremban,

Negeri Sembilan.

Tel : 606-7642 688

Fax : 606-7646 288

Website : [www.mchb.com.my](http://www.mchb.com.my)

## REMUNERATION COMMITTEE

Salmah Binti Sharif (*Chairperson*)

Dato' Lee Tian Hock

Dato' (Ir.) Batumalai A/L Ramasamy

## NOMINATION COMMITTEE

Dato' Firdaus Muhammad Rom Bin Harun (*Chairman*)

Dato' (Ir.) Batumalai A/L Ramasamy

Rezal Zain Bin Abdul Rashid

## RISK MANAGEMENT COMMITTEE

Rezal Zain Bin Abdul Rashid (*Chairman*)

Ho Kong Soon

Salmah Binti Sharif

## ESOS COMMITTEE

Dato' (Ir.) Batumalai A/L Ramasamy (*Chairman*)

Dato' Firdaus Muhammad Rom Bin Harun

Ho Kong Soon

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

Main Board

Property Sector

## STOCK NAME AND CODE

MATRIX (5236)

## AUDITORS

Wong Weng Foo & Co. (AF0829)

41, Damai Complex,

Jalan Dato Haji Eusoff,

50400 Kuala Lumpur.

Tel : 603-4042 4280

Fax : 603-4041 3141

## REGISTRAR

Bina Management (M) Sdn Bhd

Lot 10, The Highway Centre,

Jalan 51/205,

46050, Petaling Jaya,

Selangor.

Tel : 603-7784 3922

FaX : 603-7784 1988

## BANKERS

AmIslamic Bank Berhad

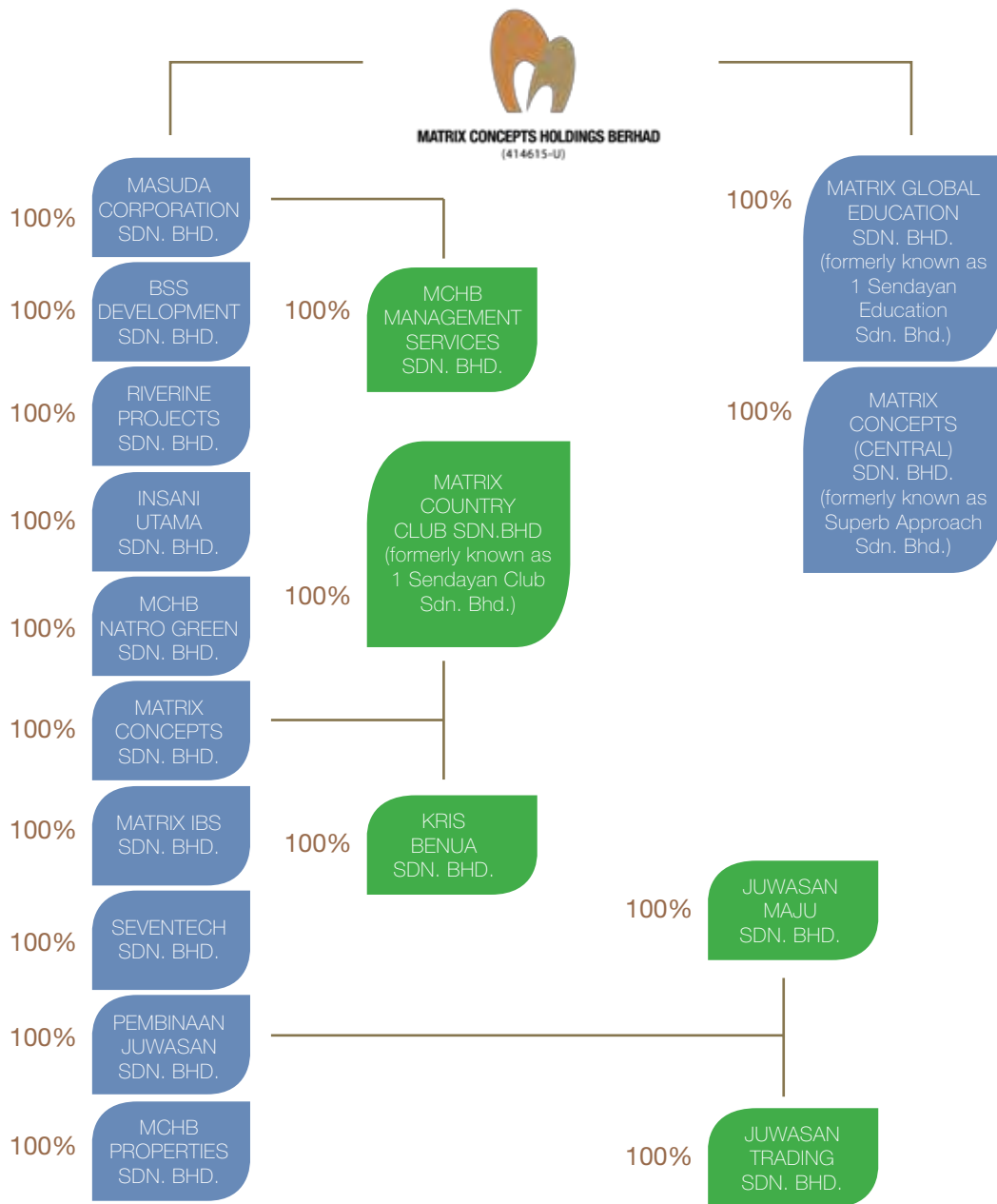
AmBank Berhad

Public Bank Berhad

Maybank Islamic Berhad

Hong Leong Bank Berhad

# CORPORATE STRUCTURE



## 2008

Launched first two phases of developments in Bandar Sri Sendayan – Nusari Bayu 1 (residential area) and Sendayan Metropark (commercial plots)

## 2009

Being accredited from Quality Management System ISO 9001:2000 to ISO 9001:2008 by BM TRADE Certification LTD

# JOURNEY OF SUCCESS

## 1996

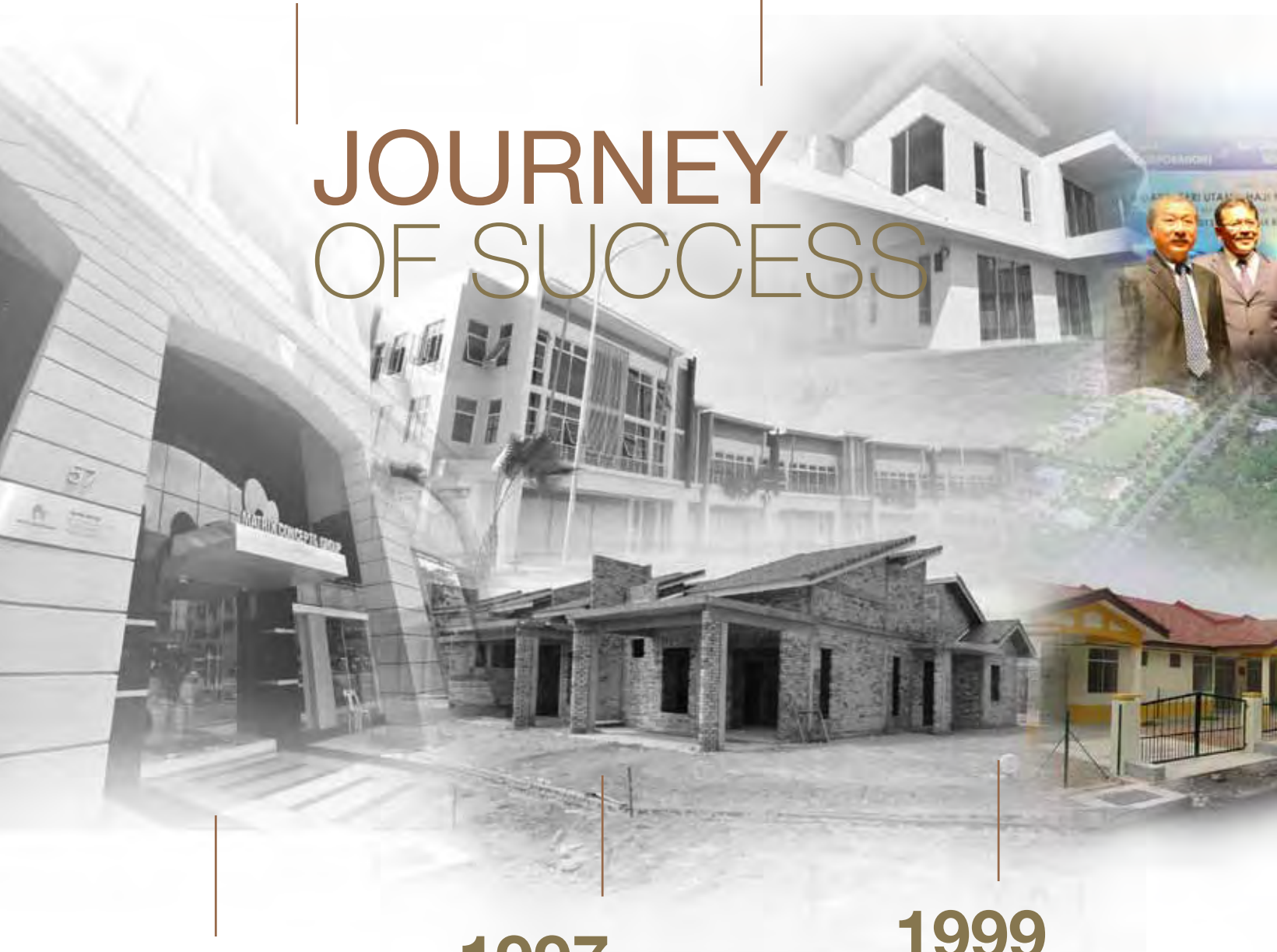
Matrix Concepts commenced operation as a property development company

## 1997

Matrix Concepts began its maiden property development project, Taman Bahau in Negeri Sembilan with 595 units of mixed residential and commercial development

## 1999

First Joint Venture (JV) with Menteri Besar Incorporated (MBI) of Negeri Sembilan to develop Taman Andalas on 39 acres of land



## 2012

Signed Memorandum of Understanding with six foreign companies from Japan, Taiwan, Hong Kong and France for purchase of industrial lots at Sendayan TechValley

## 2013

Matrix Concepts Holdings Berhad listed on Main Market of Bursa Malaysia Securities Berhad on 28 May 2013



## 2004

Commenced first Johor project with the development of Taman Anggerik Tenggara

## 2005

The first JV flagship development was Taman Seri Impian, Kluang Johor followed by Bandar Sri Sendayan as the second flagship project

## 2006

Launched first two phases of Taman Seri Impian township development

# FINANCIAL HIGHLIGHTS

## 2013 Group Quarterly Performance

For The Financial Year Ended 31 December 2013

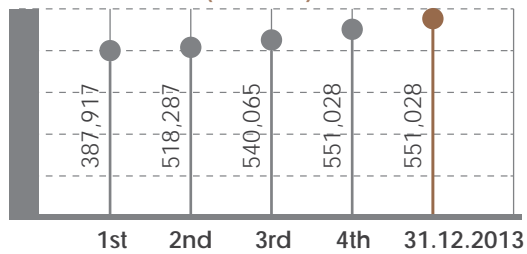
In RM'000	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year Ended 31.12.2013
Revenue	155,591	147,322	127,416	143,172	573,501
Cost of sales	(81,108)	(93,720)	(64,292)	(85,385)	(324,505)
Operating expenses	(13,054)	(13,066)	(15,742)	(5,482)	(47,344)
Operating profit	61,429	40,536	47,382	52,305	201,652
Other income	224	362	1,654	2,536	4,776
Finance cost	(175)	(310)	(295)	(597)	(1,377)
Share of net results of associate	-	-	-	-	-
Profit before taxation	61,478	40,588	48,741	54,244	205,051
Taxation	(15,494)	(10,547)	(12,539)	(14,909)	(53,489)
Profit after taxation	45,984	30,041	36,202	39,335	151,562
Profit attributable to owners of the company	45,984	30,041	36,202	39,335	151,562
Shareholders' equity	387,917	518,287	540,065	551,028	551,028
Earning per share (sen)	63.7	13.1	12.1	13.1	55.0
Return on equity *	47.4%	23.2%	26.8%	28.6%	27.5%

\* annualised

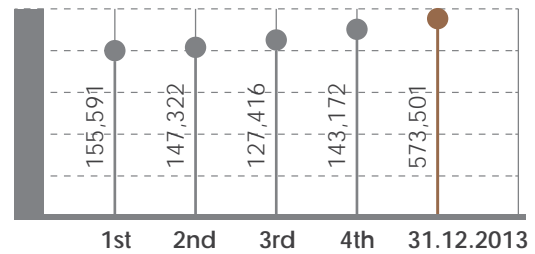


# FINANCIAL HIGHLIGHTS

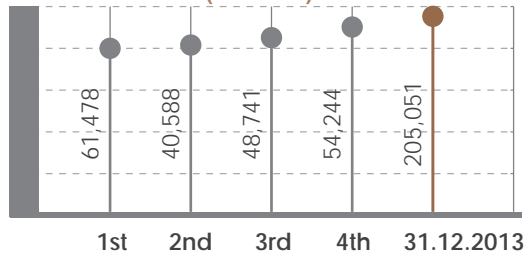
shareholders' equity  
(RM'000)



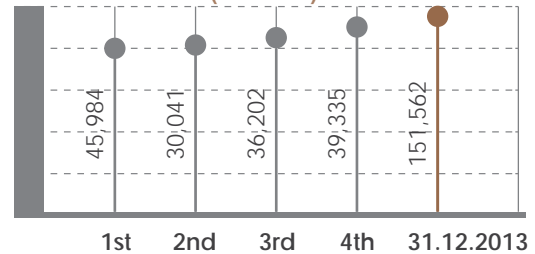
revenue  
(RM'000)



profit before tax  
(RM'000)



profit after tax  
(RM'000)



# CONNECTIVITY

Connecting human enterprise collectively to shape vision into growth.







# BOARD OF DIRECTORS

Sitting From Right :

**Dato' Haji Mohamad Haslah Bin Mohamad Amin** (*Chairman*)

**Dato' Lee Tian Hock** (*Founder, Group Managing Director/Chief Executive Officer*)

Standing From Left :

**Ho Kong Soon** (*Deputy Group Managing Director/Chief Operating Officer*)

**Dato' (Ir.) Batumalai A/L Ramasamy** (*Independent Non-Executive Director*)

**Salmah Binti Sharif** (*Independent Non-Executive Director*)

**Rezal Zain Bin Abdul Rashid** (*Independent Non-Executive Director*)

**Dato' Firdaus Muhammad Rom Bin Harun** (*Independent Non-Executive Director*)



# PROFILE OF DIRECTORS

## **Dato' Haji Mohamad Haslah Bin Mohamad Amin**

Aged 61, Malaysian

*Chairman*

Dato' Haji Mohamad Haslah Bin Mohamad Amin, was appointed to the Board on 2 April 2012. He holds a Diploma in Banking from the Institute of Bankers, London, United Kingdom.

Dato' Haji Mohamad Haslah started his career in 1974 with the Malayan Banking Berhad group. In 1995, he joined Peregrine Fixed Income Limited, Hong Kong as Executive Director. In 1999, he was appointed as Country Director in Fleet Boston NA, Singapore. He subsequently joined Pacific Plywood Holdings Limited, Hong Kong, as Financial Advisor from 2000 to 2001.

Dato' Haji Mohamad Haslah does not have any family relationship with other Directors and / or major shareholders of the Company. He has no conflict of interest and his shareholdings in the Company are as disclosed on page 128 of this Annual Report. He has no conviction of any offences within the past ten (10) years.



# PROFILE OF DIRECTORS

(continued)

## **Dato' Lee Tian Hock**

Aged 56, Malaysian

*Founder, Group Managing Director/Chief Executive Officer*

Dato' Lee Tian Hock, was appointed to the Board on 4 March 1997. He is currently a Member of the Remuneration Committee.

Dato' Lee Tian Hock is a graduate in Housing, Building and Planning, having obtained his degree from Universiti Sains Malaysia in 1983. He currently spearheads the Group's business direction and overall strategies and policies. He has approximately 30 years of experience in the property development industry where he had held various executive positions throughout his career. In 1992, he was the General Manager with N.S. Industrial Development Corporation Sdn Bhd and was seconded to NS Township Development Sdn Bhd where he was involved in the general management of the development of the Bandar Baru Nilai Township (now known as Putra Nilai) which covers an area of approximately 6,000 acres with a GDV of approximately RM5.5 billion.

In 1995, Dato' Lee Tian Hock was appointed as the Managing Director of Semangat Tinggi Sdn Bhd which he assisted the development of luxurious bungalows with a total estimated GDV of RM55 million wherein 80% of the bungalows units were sold during launch.

He later sold his equity interest in Semangat Tinggi Sdn Bhd and founded the Matrix Concepts Group in 1997 and was appointed as the Group Managing Director. He oversaw the maiden development of the medium cost mixed housing scheme known as Taman Bahau in Bahau, Negeri Sembilan. Taman Bahau was launched by the then Menteri Besar of Negeri Sembilan on 7 August 1997 with a GDV of approximately RM35 million. Since then, he had successfully led the Group to become a reputable developer in Negeri Sembilan and Johor including two major townships which are flagship developments of the Group among many other mixed residential and commercial developments.

Same and except for what was disclosed in this Annual Report, Dato' Lee Tian Hock does not have any family relationship with other Directors and/or major shareholders of the Company. Other than what was disclosed in the recurrent related party transactions on page 120 & 121 of this Annual Report, he has no conflict of interest and his shareholdings in the Company are as disclosed on page 128 of this Annual Report. He has no conviction of any offences within the past ten (10) years.

# PROFILE OF DIRECTORS

(continued)

## **Ho Kong Soon**

Aged 47, Malaysian

*Group Deputy Managing Director/Chief Operating Officer*

Ho Kong Soon, was appointed to the Board on 30 December 2002. He is currently a Member of the Risk Management Committee and ESOS Committee. His current responsibilities include overall project management as well as overseeing the daily operations of the Group.

Mr Ho obtained a Bachelor of Engineering degree from University of Malaya in 1992. He started his career in 1992 as a Project Engineer in NS Industrial Development Sdn Bhd and was involved in the development of the Allson Klana Resort Hotel, Kasturi Klana Park condominium and the Taman Semarak housing scheme, all in Negeri Sembilan. In 1994, he was promoted to Project Manager in the same company and was put in charge of project feasibility study and the initial planning of the 6,000-acre Nilai New Township in Negeri Sembilan. In 1995, he joined Potential Region Sdn Bhd as Project Manager and was involved in the development of a 220-acre orchard homestead resort in Port Dickson, Negeri Sembilan and residential houses in Sri Senawang, Negeri Sembilan.

Mr Ho left Potential Region Sdn Bhd and was appointed as a director and General Manager of Matrix in 1997 and oversaw the implementation of the Taman Bahau and Seri Telawi projects in Negeri Sembilan. He was later promoted to Group Deputy Managing Director / Chief Operating Officer in 2012.

Ho Kong Soon does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest and his shareholdings in the Company are as disclosed on page 128 of this Annual Report. He has no conviction of any offences within the past ten (10) years.



# PROFILE OF DIRECTORS

(continued)

## **Dato' Firdaus Muhammad Rom Bin Harun**

Aged 64, Malaysian

*Independent Non-Executive Director*

Dato' Firdaus Muhammad Rom Bin Harun, was appointed to the Board on 2 April 2012. He is currently the Chairman of the Nomination Committee and a Member of the Audit Committee and ESOS Committee. He holds a certificate in Public Relations from the Institute of Public Relations, London and a diploma in Marketing from the Chartered Institute of Marketing, United Kingdom.

Dato' Firdaus Muhammad Rom Bin Harun has over 39 years of experience in the corporate sector and civil service. He began his career as a Public Relation Officer in the Fisheries Development Authority in the Ministry of Agriculture in year 1973 until 1980. In year 1981, he joined Permodalan Nasional Berhad as a Marketing Executive based at Amanah Saham Nasional Berhad ("ASNB") headquarters in Kuala Lumpur. In year 1982, he was appointed as a Manager of ASNB's Negeri Sembilan Branch. He was then promoted in year 1984 to Regional Manager of the Southern Region, covering Negeri Sembilan, Melaka and Johor. In year 1987, he was promoted to the Head of Analysis and Research Unit and Assistant Manager of the Marketing Department of ASNB. He was further promoted to Manager and Senior Manager of the Marketing Department of ASNB in year 1991 and year 1994 respectively. In year 1994, he held the position of Senior Manager in the Marketing and Branch Operations Department of ASNB. He subsequently resigned from ASNB in 1995 to stand for the 1995 Malaysian General Elections.

In year 1995, Dato' Firdaus Muhammad Rom Bin Harun became a Member of the Negeri Sembilan State Legislative Assembly for Chembong. In year 2004, he was elected as a Member of Parliament for the Constituency of Rembau. In year 2008, he was appointed as the Political Secretary to the Menteri Besar of Negeri Sembilan. Presently, Dato' Firdaus Muhammad Rom Bin Harun is a training consultant.

Dato' Firdaus Muhammad Rom Bin Harun does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest and his shareholdings in the company are as disclosed on page 128 of this Annual Report. He has no conviction of any offences within the past ten (10) years.





# PROFILE OF DIRECTORS

(continued)

## **Rezal Zain Bin Abdul Rashid**

Aged 46, Malaysian

*Independent Non-Executive Director*

Rezal Zain Bin Abdul Rashid, was appointed to the Board on 8 August 2012. He is currently the Chairman of the Audit Committee and Risk Management Committee and a Member of the Nomination Committee. He holds a Bachelor of Arts (Accounting) degree from the University of Canberra, Australia and also a member of the Malaysian Institute of Accountants and CPA Australia.

He began his career in audit with KPMG Desa Megat in 1989 until 1993. He then subsequently joined Peat Marwick Consultants in 1993 where he was involved in numerous assignments ranging from the development of policies and procedures, market studies as well as privatisation studies. In 1995, he resigned from Peat Marwick Consultants and joined Arab Malaysian Merchant Bank Bhd ("AMMB") as an Assistant Manager in the corporate finance department where he participated in numerous merger and acquisition exercises.

He left AMMB in 1996 and joined TDM Berhad as a Business Development Manager where he successfully completed several acquisition exercises. In year 1999, he was promoted to Chief Operating Officer of TDM Berhad where he supported the Board of Director and Chief Executive Officer of TDM Berhad.

Subsequently in 2000, Rezal Zain Bin Abdul Rashid successfully completed a management buyout of TD Technologies Sdn Bhd, then a subsidiary of TDM Berhad. Presently, he is a director of TD Technologies Sdn Bhd and also an Independent non-Executive Director of Fima Corporation Berhad and YFG Berhad.

Rezal Zain Bin Abdul Rashid, does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest and his shareholdings in the company are as disclosed on page 128 of this Annual Report. He has no conviction of any offences within the past ten (10) years.



# PROFILE OF DIRECTORS

(continued)

## **Dato' (Ir.) Batumalai A/L Ramasamy**

Aged 66, Malaysian

*Independent Non-Executive Director*

Dato' (Ir.) Batumalai A/L Ramasamy, was appointed to the Board on 28 December 2012. He is currently the Chairman of the ESOS Committee and a Member of the Nomination Committee and Remuneration Committee. He holds a Diploma in Civil Engineering from Universiti Teknologi Malaysia and a Bachelor of Science in Civil Engineering from the University of Aberdeen, Aberdeen, Scotland. He is also Fellow Member of the Institute of Engineers, Malaysia and a Registered Professional Engineer with the Board of Engineers, Malaysia.

Dato' (Ir.) Batumalai started his career as a Technical Assistant with the Department of Irrigation and Drainage ("DID"), Kuala Lumpur in 1969. During his 5 years there, his main responsibilities were to assist in the planning and designing of drainage and irrigation schemes. He assumed the role of Engineer with the DID, Kuala Lumpur in 1975 prior to being promoted to Project Engineer with the DID, Kedah in 1976. After 12 years with the DID, Kedah, he was promoted to District Engineer with the DID, Perak and subsequently appointed as Director of the DID, Negeri Sembilan in 1994. After 35 years of service in the DID, he retired in 2003. Presently, he is an Associate Director of O&L Jurutera Perunding, Melaka.

Dato' (Ir.) Batumalai A/L Ramasamy does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest and his shareholdings in the Company are as disclosed on page 128 of this Annual Report. He has no conviction of any offences within the past ten (10) years.



# PROFILE OF DIRECTORS

(continued)

## **Salmah Binti Sharif**

*Aged 52, Malaysian*

*Independent Non-Executive Director*

Salmah Binti Sharif, was appointed to the Board on 19 November 2013. She is currently the Chairperson of the Remuneration Committee and a Member of the Audit Committee and Risk Management Committee. She holds a Bachelor of Law from University Teknologi MARA (UiTM) and was admitted to the Malaysian Bar as an Advocate and Solicitor at the High Court of Malaya in 1990.

She was a Corporate Legal Advisor and Director with more than 20 years of working experience in listed and non-listed companies. In year 1994 to 2007, she held the position as the Director of Legal and Support and Company Secretary of Khazanah Nasional Berhad.

Salmah Binti Sharif does not have any family relationship with other Directors and/or major shareholders of the Company. She has no conflict of interest and does not hold any shares in the Company and subsidiaries. She has no conviction of any offences within the past ten (10 ) years.





# *UNITY*

Integrated strength and single minded direction towards unprecedented success.



## DEAR SHAREHOLDERS,

The year 2013 was an outstanding year of breakthroughs for Matrix Concepts Holdings Berhad (“MCHB” or “the Company”). Not only did we overcome a challenging economic climate, we also marked numerous milestones that made for a truly remarkable year.

### *Para Pemegang Saham yang Dihormati,*

*Tahun 2013 merupakan tahun kejayaan cemerlang untuk Matrix Concepts Holdings Berhad (“MCHB” atau “Syarikat ini”). Bukan sahaja kita mengatasi iklim ekonomi yang mencabar, kita juga mencatatkan banyak peristiwa penting yang menjadikannya tahun yang benar-benar luar biasa.*





*Dato' Lee Tian Hock, Group Managing Director /CEO striking the 'Gong' during the Company's listing ceremony at Bursa Malaysia*

## CHAIRMAN'S STATEMENT

At corporate level, amidst the investors' jitters of the General Elections, the Company was successfully listed on the Main Market of Bursa Malaysia Securities Berhad on 28 May 2013. At an issue price of RM2.20 per share and market capitalisation of RM660.0 million for our Initial Public Offering (IPO), the Company debuted at RM2.70 per share, a remarkable 50 sen premium, on our first day of trading, achieving a market capitalisation of RM810.0 million.

Backed by our unabated financial performance and the increasing acceptance by the investing community, our market capitalisation rose to breach the RM1.0 billion mark even before the year ended.

On the ground, MCHB Group continued to chalk up tremendous buyer take-up in our two townships – Bandar Sri Sendayan in Negeri Sembilan and Taman Seri Impian in Johor. This allowed us to post a record-breaking performance in our financial year ended 31 December 2013 ("FY2013").

Adding to our achievements, Bandar Sri Sendayan was awarded the 2013 'Sustainable Township of the Year' award by the World Sense of Place – an acknowledgement of our strength in creating a sustainable and holistic township.

With these successes throughout the year, on behalf of the Board of Directors of the Company, I am honoured to present you the 2013 Annual Report and audited financial statements for the MCHB Group.

## PENYATA PENGGERUSI

*Pada peringkat korporat, di tengah-tengah kekalutan pelabur terhadap Pilihanraya Umum, Syarikat ini telah berjaya disenaraikan pada Pasaran Utama di Bursa Malaysia Securities Berhad pada 28 Mei 2013. Pada harga terbitan RM2.20 sesaham dan modal pasaran sebanyak RM660.0 juta untuk Tawaran Umum Permulaan (IPO), saham Syarikat ini telah tampil buat pertama kalinya dan mencecah harga RM2.70 sesaham, 50 sen lebih tinggi yang mana cukup luar biasa, pada hari pertama dagangan, dengan mengumpul modal pasaran sebanyak RM810.0 juta.*

*Disokong oleh prestasi kewangan kami yang kekal teguh dan peningkatan penerimaan oleh komuniti pelabur, modal pasaran kami meningkat melepasi paras RM1.0 bilion meskipun sebelum tahun berakhir.*

*Pada lapangan hartanah, Kumpulan MCHB terus mencatatkan peningkatan pembelian yang amat tinggi oleh para pembeli di dua perbandaran kami - Bandar Sri Sendayan di Negeri Sembilan dan Taman Seri Impian di Johor. Ini membolehkan kami mencatatkan prestasi memecahkan rekod pada tahun kewangan berakhir 31 Disember 2013 ("FY2013") kami.*

*Tambahan kepada pencapaian kami, Bandar Sri Sendayan telah dianugerahkan anugerah 'Perbandaran Lestari bagi Tahun' 2013 oleh World Sense of Place – satu pengiktirafan kepada kekuatan kami dalam mencipta perbandaran lestari dan holistik.*

*Dengan kejayaan-kejayaan ini di sepanjang tahun, bagi pihak Lembaga Pengarah Syarikat ini, saya berbesar hati untuk menyampaikan kepada anda Laporan Tahunan dan penyata kewangan telah diaudit untuk tahun 2013 bagi Kumpulan MCHB.*

## Financial Performance

FY2013 saw MCHB Group post stellar financial performance as we recorded strong double-digit growth in both our top and bottom lines.

Group revenue grew by 25.7% to RM573.5 million, compared to RM456.1 million in the previous year. This increase was largely due to new launches, improved take-up and higher revenue recognition from our ongoing projects at our township developments in Negeri Sembilan and Johor.

Overall, the MCHB Group's sales of residential and commercial properties recorded the highest revenue contribution with 74.1% of total FY2013 group revenue, while sales of industrial properties contributed a sizable 20.8%. Sales of land made up the balance 5.1%.

The MCHB Group's profitability improved remarkably, with pre-tax profit growing 43.6% to RM205.1 million in the year under review from RM142.8 million previously. Similarly, group net profit reached a record high of RM151.6 million, a 46.5% increase from RM103.5 million in the previous year.

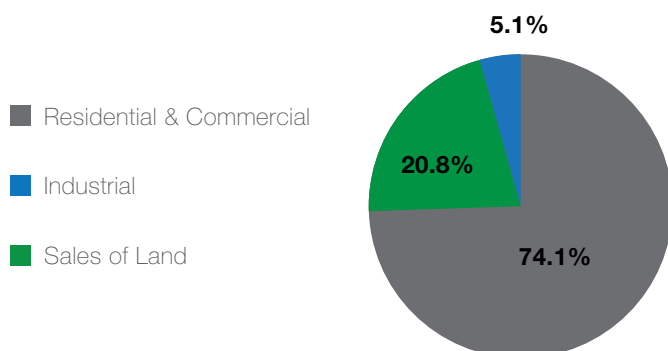
The MCHB Group's strong financial report card is reflective of the Company growth trajectory over the years. On compounded annual basis, the Company posted an impressive 29.5% growth in revenue, while net profit grew 67.8% from FY2009 to FY2013.

The Company balance sheet as at end-December 2013 was further strengthened with our increased share capital from the IPO and retained profits, as shareholders equity grew to RM551.0 million from RM341.9 million in the previous year end.

Our cash and cash equivalents was boosted by the RM137.5 million proceeds raised from our IPO, which allowed the MCHB Group to fund ongoing projects and also undertake landbanking activities. The Group ended the year in a net cash position.

We are delighted with MCHB Group's financial results in FY2013, and we are optimistic of continuing this growth momentum going forward.

FY2013 Revenue Segmentation by Type



## Prestasi Kewangan

FY2013 menyaksikan Kumpulan MCHB mencatatkan prestasi kewangan cemerlang apabila kami merekodkan pertumbuhan kukuh dua angka pada kedua-dua garis atas dan garis bawah kami.

Pendapatan kumpulan meningkat sebanyak 25.7% kepada RM573.5 juta, berbanding kepada RM456.1 juta pada tahun sebelumnya. Peningkatan ini sebahagian besarnya disebabkan oleh pelancaran baru, pembelian yang bertambah baik dan perolehan pendapatan lebih tinggi daripada projek-projek kami yang sedang berjalan di pembangunan perbandaran kami di Negeri Sembilan dan Johor.

Pada keseluruhannya, jualan Kumpulan MCHB terhadap hartanah kediaman dan komersil merekodkan sumbangan pendapatan tertinggi sebanyak 74.1% daripada keseluruhan pendapatan kumpulan FY2013, sementara jualan hartanah industri menyumbang pendapatan yang agak besar sebanyak 20.8%. Jualan tanah pula melengkapkan baki pendapatan sebanyak 5.1%.

Keberuntungan Kumpulan MCHB bertambah baik secara luar biasa, dengan keuntungan sebelum cukai meningkat sebanyak 43.6% kepada RM205.1 juta pada tahun dalam semakan daripada RM142.8 juta pada tahun sebelumnya. Secara serupa, keuntungan bersih kumpulan mencecah rekod tertinggi RM151.6 juta, yakni peningkatan sebanyak 46.5% daripada RM103.5 juta pada tahun sebelumnya.

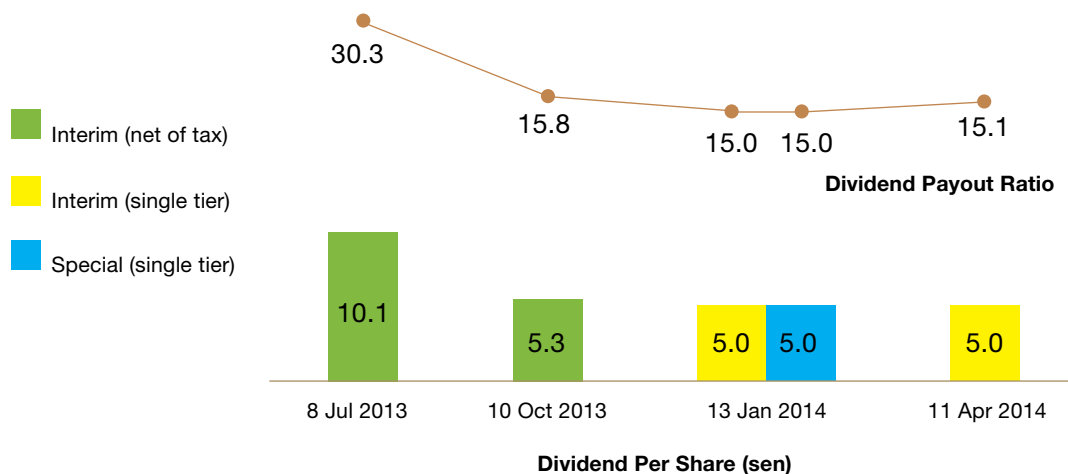
Kad laporan kewangan Kumpulan MCHB yang kukuh adalah cerminan kepada trajektori pertumbuhan Syarikat selama ini. Pada asas tahunan tergabung, Syarikat ini mencatatkan 29.5% pertumbuhan dalam keuntungan yang mengagumkan, sementara keuntungan bersih meningkat sebanyak 67.8% daripada FY2009 hingga FY2013.

Kunci kira-kira Syarikat ini sebagaimana pada akhir Disember 2013 telah diperkukuhkan lebih lanjut dengan peningkatan modal saham kami daripada IPO dan keuntungan tertahan, manakala ekuiti pemegang saham meningkat kepada RM551.0 juta daripada RM341.9 juta pada tahun berakhir sebelumnya.

Tunai dan kesamaan tunai kami telah digalakkan oleh RM137.5 juta hasil kutipan yang diperolehi daripada IPO kami, yang membolehkan Kumpulan ini untuk membiayai projek-projek yang sedang berjalan dan juga melakukan aktiviti-aktiviti pembelian tanah. Kumpulan menamatkan tahun ini pada kedudukan tunai bersih.

Kami berasa gembira dengan keputusan kewangan Kumpulan MCHB pada FY2013, dan kami optimis untuk meneruskan momentum pertumbuhan ini ke hadapan.





## Dividends

To attract long-term investors, the Company established a dividend policy of paying at least 40% of net profit to our shareholders as dividends. In respect of FY2013, we declared and paid four interim dividends and one special dividend, totalling 30.4 sen per share net of tax. This translates to a total dividend payout of RM91.3 million or 60.2% of total MCHB Group net profit for the year, exceeding our payout policy.

Going forward, we intend to continue rewarding our shareholders by distributing at least 40% of total net profit as dividends to our valued shareholders.

## Future Outlook

### Property Development

The Malaysian property market is widely anticipated to face headwinds in 2014, as the Government introduced numerous measures in the Budget 2014 announcement to curb property speculation and moderate the escalating cost of homes.

At the same time, the Government continued to encourage development of affordable houses, with incentives such as the Private Affordable Ownership Housing Scheme (MyHome) which provides private developers a subsidy of RM30,000 for each low and medium-cost home built.

## Dividen

*Bagi menarik para pelabur jangka panjang, Syarikat ini mewujudkan polisi dividen untuk membayar sekurang-kurangnya 40% daripada keuntungan bersih kepada pemegang saham kami sebagai dividen. Bagi FY2013, kami mengisytiharkan dan membayar empat dividen interim dan satu dividen khas, berjumlah 30.4 sen sesaham bersih daripada cukai. Ini diterjemahkan kepada pembayaran dividen keseluruhan berjumlah RM91.3 juta atau 60.2% daripada untung bersih keseluruhan Kumpulan MCHB untuk tahun tersebut, melebihi polisi pembayaran kami.*

*Selepas ini, kami merancang untuk terus memberi ganjaran para pemegang saham kami dengan mengagihkan sekurang-kurangnya 40% daripada keuntungan bersih keseluruhan sebagai dividen kepada pemegang saham kami yang dihargai.*

## Pandangan Masa Hadapan

### Pembangunan Hartanah

*Pasaran hartanah Malaysia secara meluas dijangkakan akan menghadapi cabaran pada 2014, memandangkan kerajaan telah memperkenalkan banyak langkah-langkah sewaktu pengumuman Belanjawan 2014 bagi mengekang spekulasi hartanah dan menyederhanakan kenaikan kos kediaman.*

*Pada masa yang sama, pihak Kerajaan terus menggalakkan pembangunan rumah mampu milik, dengan insentif seperti Skim Perumahan Mampu Milik Swasta (MyHome) yang menyediakan pemaju swasta dengan subsidi sebanyak RM30,000 bagi setiap rumah kos rendah dan sederhana yang dibina.*



MetroPark, Bandar Sri Sendayan



Green Park, Bandar Sri Sendayan

Against this backdrop, we remain confident of our prospects in the property sector for FY2014, because our properties consist mainly of affordable homes, where demand is largely sustained.

A case in point is our recent residential property launch in February 2014 at Bandar Sri Sendayan township, which has seen encouraging take-up rate thus far.

For this purpose, we will continue to target owner-occupiers for our residential properties, be they from within Negeri Sembilan and Johor, or even from the Klang Valley.

Even as we are building a critical mass within our townships, we intend to undertake the next phase of development, that is to incorporate more commercial and lifestyle elements for the enjoyment of our residents.

To this end, within Bandar Sri Sendayan, we are constructing an exclusive d'Tempat Country Club, a clubhouse with full banquet and recreational facilities, as well as Matrix Global Schools which features private and international school campuses.

We believe that these efforts are crucial stepping stones to creating self-sustaining, integrated townships which will position us favourably among home buyers.



d'Tempat Country Club, Bandar Sri Sendayan



Medan Nusari, Bandar Sri Sendayan

*Berlatarbelakangkan situasi ini, kami kekal yakin kepada prospek kami di dalam sektor hartanah bagi FY2014, kerana hartanah kami kebanyakannya terdiri daripada kediaman mampu milik, di mana sebahagian besar permintaannya adalah terjamin.*

*Satu kes sebagai contoh adalah merupakan pelancaran hartanah kediaman kami baru-baru ini pada Februari 2014 di perbandaran Bandar Sri Sendayan, yang telah menerima kadar pembelian yang menggalakkan setakat ini.*

*Bagi tujuan ini, kami akan terus mensasarkan milikan penghuni untuk hartanah kediaman kami, tidak kira mereka dari dalam Negeri Sembilan dan Johor, atau malah dari Lembah Klang.*

*Walaupun semasa kami sedang menarik lebih ramai pemilik ke dalam perbandaran kami, kami berhasrat untuk mengorak langkah kepada fasa pembangunan berikutnya, iaitu untuk memasukkan lebih banyak ciri-ciri komersil dan gaya hidup bagi keseronokan penduduk perbandaran kami.*

*Setakat ini, dalam Bandar Sri Sendayan, kami sedang membina d'Tempat Country Club yang eksklusif, satu rumah kelab dengan kemudahan bankuet dan rekreasi penuh, termasuk juga Matrix Global Schools yang bercirikan kampus sekolah swasta dan antarabangsa.*

*Kami percaya bahawa usaha-usaha ini adalah batu loncatan penting bagi mewujudkan perbandaran lestari dan bersepadu, yang akan meletakkan kita dalam kedudukan yang menyenangkan di kalangan pembeli rumah.*



Messier-Bugatti-Dowty (M) Sdn Bhd - France, Sendayan TechValley



HINO Motors Manufacturing (M) Sdn Bhd - Japan, Sendayan TechValley

### Foreign Direct Investments (FDI)

Over the years, Negeri Sembilan has emerged a key FDI destination in Malaysia as it has attracted numerous multinational corporations (MNC) to accelerate economic development in the state.

Our 1,000-acre industrial park of Sendayan TechValley within Bandar Sri Sendayan is a proven beneficiary of these FDI, attracting various high-impact industries to set up manufacturing plants.

To date, we have successfully welcomed MNC investments from all over the world, including France, Japan, United Kingdom and Germany, amongst others.

Going forward into FY2014, we aim to continue promoting Sendayan TechValley as an industrial proposition for FDIs into the state. We are confident that as these investments come to fruition, Sendayan TechValley will be a centre of economic activity in Negeri Sembilan and have a favourable multiplier effect on the state's economy in the long run.

### Appreciation

At this juncture, I am pleased to welcome Puan Salmah Binti Sharif, who was appointed to the Board as an independent and non-executive director during the financial year on 19 November 2013.

On behalf of the Board, I would like to express our heartfelt appreciation and gratitude to the entire management team of the Company, our business associates, the local authorities, investors and buyers who have put their confidence and trust in us.

With the continued support from both the Board of Directors and our valued shareholders, we are optimistic of another exciting year in 2014.

Thank you.

**Dato' Haji Mohamad Haslah bin Mohamad Amin**  
Chairman

### Pelaburan Langsung Asing (FDI)

Sejak beberapa tahun kebelakangan ini, Negeri Sembilan telah muncul sebagai destinasi FDI penting di Malaysia memandangkan ia telah menarik banyak perbadanan multinasional (MNC) untuk memecut pembangunan ekonomi di dalam negerinya.

Taman industri Sendayan Techvalley kami yang berkeluasan 1,000 ekar di dalam Bandar Sri Sendayan ialah manfaat yang terbukti daripada FDI ini, menarik pelbagai industri berdampak tinggi untuk mendirikan kilang-kilang pembuatan.

Setakat ini, kami telah berjaya menarik pelaburan MNC dari seluruh pelusuk dunia, sebagai contohnya termasuk Perancis, Jepun, United Kingdom dan Jerman.

Mengorak langkah ke hadapan ke dalam FY2014, kami menasaskan untuk terus mempromosikan Sendayan TechValley sebagai saranan industri untuk FDIs ke dalam negeri ini. Kami yakin bahawa apabila pelaburan-pelaburan ini mula membuah hasil, Sendayan TechValley akan menjadi pusat aktiviti ekonomi di Negeri Sembilan dan mempunyai kesan penggandaan menggalakkan kepada ekonomi negeri pada jangka masa panjang.

### Penghargaan

Pada kesempatan ini, saya berbesar hati untuk mengalu-alukan Puan Salmah Binti Sharif, yang telah dilantik menganggotai Lembaga sebagai seorang pengarah bebas dan bukan eksekutif semasa tahun kewangan pada 19 November 2013.

Bagi pihak lembaga, saya ingin meluahkan rasa penghargaan dan terima kasih kami yang tulus ikhlas kepada keseluruhan pasukan pengurusan Syarikat ini, sekutu-sekutu perniagaan kami, pihak berkuasa tempatan, para pelabur dan pembeli yang telah meletakkan keyakinan dan kepercayaan mereka kepada kami.

Dengan sokongan berterusan daripada Lembaga Pengarah dan para pemegang saham kami yang dihargai, kami optimis kepada satu lagi tahun yang mengujakan pada tahun 2014.

Terima kasih.

**Dato' Haji Mohamad Haslah bin Mohamad Amin**  
Pengerusi

Since inception in 1996, we have crafted and strengthened the “Matrix Concepts” brand to be associated with producing high quality and innovative residential properties at affordable prices.

*Sejak penubuhan pada 1996, kami telah membentuk dan meneguhkan jenama “Matrix Concepts” untuk dikaitkan dengan pembinaan hartanah kediaman yang berkualiti tinggi dan inovatif pada harga mampu milik.*



## GROUP MANAGING DIRECTOR'S/ CHIEF EXECUTIVE OFFICER'S MESSAGE

***PESANAN  
PENGARAH URUSAN KUMPULAN/  
KETUA PEGAWAI EKSEKUTIF***

Indeed, these core principles are aptly demonstrated in our two flagship townships – Bandar Sri Sendayan in Seremban, Negeri Sembilan; and Taman Seri Impian in Kluang, Johor – which anchored the Group's FY2013 performance.

Overall, despite the dampened sentiment in the property sector in the year under review, the MCHB Group recorded 15% higher property sales year-on-year, noting RM788.0 million new sales in FY2013.

With that, I am proud to report the MCHB Group's business performance and development in the year under review.

### Bandar Sri Sendayan in Seremban, Negeri Sembilan

Spanning a vast 5,233 acres in Seremban, Bandar Sri Sendayan is the MCHB Group's most significant undertaking to date. Making up the vast majority of group revenue with RM457.3 million or 79.7% contribution in FY2013, this integrated township development featuring residential, commercial and industrial properties is envisioned to be the next thriving hub in the state of Negeri Sembilan.

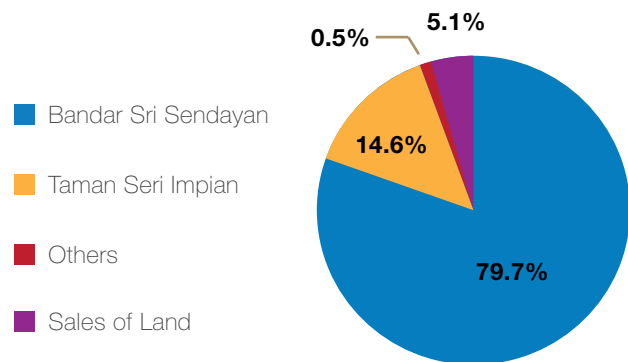
#### Residential and Commercial Properties

In maintaining our credo of timely delivery, we completed and delivered a total of 1,269 units of residential and commercial properties in Bandar Sri Sendayan in the year under review. These encompassed the second phase of Nusari Bayu 3, Nusari Aman 1B, Nusari Aman 2, and Metro Park Shop 1A- all of which were fully taken-up.

The MCHB Group also launched the first phase of our Hijayu 1A (Phase 1) series in August 2013, consisting of 299 units of double storey terrace houses targeting owner occupiers from Seremban and the Klang Valley. We are pleased to say that this RM136.1 million GDV project has been fully taken-up by end-2013.



Medan Nusari, Bandar Sri Sendayan



*Sememangnya prinsip-prinsip teras ini bersesuaian benar sebagaimana diperlihatkan pada dua perbandaran kemegahan kami – Bandar Sri Sendayan di Seremban, Negeri Sembilan; dan Taman Seri Impian di Kluang, Johor – yang mengukuhkan prestasi FY2013 Kumpulan ini.*

*Pada keseluruhannya, meskipun dengan sentimen perlahan dalam sektor hartanah pada tahun dalam semakan, Kumpulan MCHB merekodkan jualan hartanah 15% lebih tinggi berbanding tahun sebelumnya, mencatatkan RM788.0 juta jualan baru pada FY2013.*

*Dengan itu, saya berasa bangga untuk melaporkan prestasi perniagaan dan pembangunan Kumpulan MCHB pada tahun dalam semakan.*

### Bandar Sri Sendayan di Seremban, Negeri Sembilan

*Terbentang seluas 5,233 ekar di Seremban, Bandar Sri Sendayan merupakan pengusahaan Kumpulan MCHB yang paling penting setakat ini. Menghasilkan majoriti terbesar pendapatan kumpulan sebanyak RM457.3 juta atau menyumbang sebanyak 79.7% pada FY2013, pembangunan perbandaran bersepadu ini yang merangkumi hartanah kediaman, komersil dan industri adalah dijangkakan akan menjadi pusat berkembang maju yang seterusnya di Negeri Sembilan.*

#### Hartanah Kediaman dan Komersil

*Bagi mengekalkan keyakinan kepada penyerahan menepati masa kami, kami telah menyiapkan dan menyerahkan sejumlah 1,269 unit hartanah kediaman dan komersil di Bandar Sri Sendayan pada tahun dalam semakan. Ini merangkumi fasa kedua Nusari Bayu 3, Nusari Aman 1B, Nusari Aman 2, dan Metro Park Shop 1A- yang mana kesemuanya habis dibeli.*

*Kumpulan MCHB juga melancarkan fasa pertama siri Hijayu 1A (Phase 1) kami pada Ogos 2013, terdiri daripada 299 unit rumah teres dua tingkat yang mensasarkan milikan penghuni daripada Seremban dan Lembah Klang. Kami berasa gembira untuk menyatakan bahawa projek Nilai Pembangunan Kasar (GDV) bernilai RM136.1 juta ini telah habis dibeli menjelang akhir 2013.*

Our new launch and other ongoing projects in Bandar Sri Sendayan, totalling RM553.3 million GDV as at end-December 2013, will keep us busy till 2015.

### **Land Expansion**

To sustain our momentum for this township, MCHB Group acquired two pieces of land in Seremban in July 2013 for purchase consideration of RM106.8 million.

The lands, spanning a total of 431.3 acres, adjoin the original parameters of Bandar Sri Sendayan in the north and south regions, effectively expanding the acreage of the township. The lands are slated for mixed development of residential and commercial properties with an estimated RM1.6 billion GDV, enhancing the township's GDV further.



*d'Tempat Country Club, Bandar Sri Sendayan*

### **Creating Vibrancy**

We are heartened by the positive response for Bandar Sri Sendayan thus far; indeed this also testifies that our township appeals to buyers who seek quality lifestyle homes within a community-centric environment at affordable prices. We aim to maintain this growth trajectory going into FY2014.

Firstly, the MCHB Group intends to launch more than RM400.0 million GDV worth of property projects in FY2014. To date, we have already launched the first and second phase of Hijayu 1A, type Castora and Balista in August 2013 and February 2014, featuring 299 and 367 units of double-storey link homes respectively. We are pleased that this project has seen 100% and 40% taken up respectively as at end April and are optimistic that our future launches will be similarly accepted by our target market.

It should also be noted that Klang Valley buyers made up 40% of our buyer profile in FY2013, compared to just 30% a year ago.

*Projek-projek pelancaran baru kami dan yang sedang berjalan di Bandar Sri Sendayan, berjumlah GDV RM553.3 juta pada akhir Disember 2013, akan memastikan kami sibuk sehingga 2015.*

### **Peluasan Tanah**

*Bagi mengekalkan momentum kami kepada perbandaran ini, Kumpulan MCHB telah memperoleh dua bidang tanah di Seremban pada Julai 2013 dengan pertimbangan pembelian sebanyak RM106.8 juta.*

*Tanah ini, terbentang seluas 431.3 ekar, bersempadanan dengan parameter asal Bandar Sri Sendayan di kawasan utara dan selatan, secara berkesan meluaskan keluasan ekar perbandaran ini. Tanah ini dirancang untuk pembangunan bercampur hartanah kediaman dan komersil dengan anggaran GDV bernilai RM1.6 bilion, yang akan meningkatkan GDV perbandaran ini selanjutnya.*



*d'Tempat Country Club, Bandar Sri Sendayan*

### **Mewujudkan Rasa Semangat dan Tenaga**

*Kami berasa gembira dengan sambutan positif kepada Bandar Sri Sendayan setakat ini; sememangnya ini juga membuktikan bahawa perbandaran kami mempunyai daya tarikan kepada pembeli yang mencari kediaman gaya hidup berkualiti dalam persekitaran berpusatkan komuniti pada harga mampu milik. Kami menasaskan untuk mengekalkan trajektori pertumbuhan ini memasuki FY2014.*

*Pertamanya, Kumpulan MCHB berhasrat untuk melancarkan projek-projek hartanah bernilai lebih daripada GDV RM400.0 juta pada FY2014. Setakat ini, kami telah melancarkan fasa pertama dan kedua Hijayu 1A, jenis Castora dan Balista pada Ogos 2013 dan Februari 2014, merangkumi 299 dan 367 unit kediaman teres dua tingkat setiap satunya. Kami berasa gembira bahawa projek ini telah mencapai pembelian 100% dan 40% setiap satunya setakat akhir April dan adalah optimis yang pelancaran-pelancaran di masa hadapan kita akan mendapat sambutan serupa oleh pasaran sasaran kita.*

*Ianya juga harus diambil perhatian bahawa pembeli dari Lembah Klang mewakili 40% daripada profil pembeli pada FY2013, berbanding kepada hanya 30% setahun yang lalu.*

This cements Seremban's status as a part of the Greater Klang Valley, and reflects buyers' growing acceptance of the "stay in Seremban, work in Klang Valley" concept. We believe that this concept will be accepted to a greater degree with upcoming enhancements in connectivity to and from Seremban.

Secondly, we will focus on enhancing the commercial and lifestyle components in Bandar Sri Sendayan to inject a greater degree of vibrancy in the township.

To this end, the MCHB Group intends to complete the construction of the 'd'Tempat Country Club' clubhouse and as well as the 'Matrix Global Schools', the township's education hub, by the end of 2014.

'd'Tempat Country Club' will be a premier business and family-oriented country club for wholesome recreational activities. Featuring a host of sporting facilities such as an Olympic-size swimming pool with aqua gym facilities, food and beverage outlets, retail stores and even a 800-pax banquet hall, we believe that the club will be the centre of activity for our township.

Besides that, we are developing our 'Matrix Global Schools' within Bandar Sri Sendayan, comprising the Matrix Private School (primary and secondary schools) based on the National Curriculum and Matrix International School based on the Cambridge IGCSE examinations. The fully-equipped campus, modelled after a British residential school, spans over a 20-acre land with targeted capacity of 2,500 students.

Focused on providing holistic and experiential learning, Matrix Global Schools would feature not only auditoriums, lecture theatres and a multipurpose hall, but also rugby and football fields, music rooms, and performing arts centre. Our goal is to provide state-of-the-art facilities, while maintaining the ideal teacher-student ratio for a strong community bond.

*Ini mengukuhkan status Seremban sebagai sebahagian daripada Lembah Klang Raya, dan mencerminkan penerimaan pembeli yang meningkat kepada konsep 'tinggal di Seremban, bekerja di Lembah Klang'. Kami percaya bahawa konsep ini akan diterima ke peringkat yang lebih besar dengan penambahan yang mendatang kepada perhubungan dua hala Seremban.*

*Keduanya, kami akan menumpukan untuk meningkatkan komponen-komponen komersil dan gaya hidup di Bandar Sri Sendayan bagi menyuntik lebih banyak semangat dan tenaga dalam perbandaran ini.*

*Hingga setakat ini, Kumpulan MCHB berhasrat untuk menyiapkan pembinaan rumah kelab 'd'Tempat Country Club' dan termasuk juga 'Matrix Global Schools', pusat pendidikan perbandaran ini, menjelang akhir 2014.*

*'d'Tempat Country Club' akan menjadi rumah kelab perniagaan dan berorientasikan keluarga bagi aktiviti-aktiviti rekreasi yang menyihatkan. Mempunyai begitu banyak kemudahan sukan seperti kolam renang berukuran Olimpik dengan kemudahan gim air, kedai makanan dan minuman, kedai runcit dan malah dewan bankuet yang boleh memuatkan 800 orang, kami percaya bahawa kelab ini akan menjadi pusat aktiviti untuk perbandaran kita.*

*Selain itu, kami sedang membangunkan 'Matrix Global Schools' kita dalam Bandar Sri Sendayan, yang terdiri daripada Sekolah Swasta Matrix (Sekolah Rendah dan Menengah) berdasarkan Kurikulum Kebangsaan dan Sekolah Antarabangsa Matrix berdasarkan peperiksaan Cambridge IGCSE. Kampus serba lengkap ini, direka bentuk mengikut sekolah berasrama British, terletak di atas tanah berkeluasan 20 ekar dengan kapasiti sasaran untuk 2,500 orang pelajar.*

*Fokus untuk menyediakan pembelajaran holistik dan pengalaman, Matrix Global Schools akan menyediakan bukan sahaja auditorium, dewan kuliah dan dewan serbaguna, tetapi juga padang ragbi dan bolasepak, bilik muzik, dan pusat seni pentas. Matlamat kami ialah untuk menyediakan kemudahan terancang, dan pada masa yang sama mengekalkan nisbah guru dan pelajar yang unggul bagi ikatan komuniti yang teguh.*



State-of-the-art & full facilities campus of Matrix Global Schools, Bandar Sri Sendayan



Matrix Private School - "Nulli Secunda" (Second to None), Bandar Sri Sendayan

Coupled with the existing amenities of community parks, scenic lakes and children's playgrounds, these additional commercial elements would certainly go a long way towards building a thriving environment that will be the pulse of Bandar Sri Sendayan.

Overall, MCHB Group has pipeline GDV of about RM4.5 billion over 1,207 acres of land that will keep us busy till 2022. We are certain that Bandar Sri Sendayan will make its mark as a distinctive township that is the pride of the land.

### **Sendayan TechValley**

Working closely with state officials and the Malaysian Investment Development Authority (MIDA), Sendayan TechValley successfully attracted nearly RM3.0 billion worth of FDI as at end-2013, with various high-impact global corporations from Japan, France, United Kingdom, and Germany pledging investments in the industrial park.

In FY2013, the MCHB Group sold a total of 220.4 acres of land to global corporations such as French-based Messier-Bugatti-Dowty, the Weir Group from the UK, Hino Motor from Japan, and Schmidt+Clemens from Germany.

Not only that, some of these global corporations commenced operations at Sendayan TechValley, for instance Japan-based Akashi Kikai Industry.

Apart from this, we witnessed the groundbreaking of Hino Motors Manufacturing (Malaysia) Sdn Bhd and Nippon Kayaku Co. Ltd in the year. We also had the honour of playing host to the French Prime Minister Jean-Marc Ayrault, who visited the construction site of Messier-Bugatti-Dowty in Sendayan TechValley.

These developments reveal Sendayan TechValley's global appeal, and attest to our well-equipped infrastructure and utilities. We are proud to partner with these world-renowned leaders in facilitating their expansion plans.

As at end-December 2013, Sendayan TechValley had a balance landbank of 243.7 acres, with which we intend to continue attracting international industries to our doorstep.

*Digabungkan dengan kemudahan taman komuniti yang sedia ada, tasik berpemandangan indah dan taman permainan kanak-kanak, unsur-unsur komersil tambahan ini akan pastinya membina persekitaran berkembang maju yang akan menjadi nadi Bandar Sri Sendayan.*

*Secara keseluruhan, Kumpulan MCHB mempunyai perancangan GDV kira-kira RM4.5 bilion di atas 1,207 ekar tanah yang akan memastikan kami sibuk sehingga 2022. Kami pasti bahawa Bandar Sri Sendayan akan mencipta namanya sebagai perbandaran tersendiri yang menjadi kebanggaan negara ini.*

### **Sendayan TechValley**

*Bekerjasama rapat dengan pegawai-pegawai negeri dan Lembaga Kemajuan Perindustrian Malaysia (MIDA), Sendayan TechValley telah berjaya menarik FDI bernilai RM3.0 bilion setakat akhir 2013, dengan akuan janji pelaburan daripada pelbagai Perbadanan Global berdampak tinggi dari Jepun, Perancis, United Kingdom, dan Jerman di taman industri tersebut.*

*Pada FY2013, Kumpulan MCHB menjual sejumlah 220.4 ekar tanah kepada perbadanan global seperti Messier-Bugatti-Dowty yang berpangkalan di Perancis, Weir Group dari United Kingdom, Hino Motor dari Jepun, dan Schmidt+Clemens dari Jerman.*

*Bukan itu sahaja, beberapa daripada perbadanan global ini telah memulakan operasi di Sendayan TechValley, sebagai contoh Akashi Kikai Industry yang berpangkalan di Jepun.*

*Selain daripada ini, kami telah menyaksikan upacara pecah tanah oleh Hino Motors Manufacturing (Malaysia) Sdn Bhd dan Nippon Kayaku Co. Ltd pada tahun tersebut. Kami juga telah mendapat penghormatan untuk menjadi tuan rumah kepada Perdana Menteri Perancis Jean-Marc Ayrault, yang telah melawat tapak pembinaan Messier-Bugatti-Dowty di Sendayan TechValley.*

*Perkembangan-perkembangan ini mendedahkan daya tarikan global Sendayan TechValley, dan menjadi bukti kepada infrastruktur dan kemudahan kami yang serba lengkap. Kami berasa bangga untuk berkongsi dengan peneraju-peneraju terkenal dunia ini dalam memudahkan rancangan perkembangan mereka.*

*Setakat akhir Disember 2013, Sendayan TechValley mempunyai simpanan tanah seluas 243.7 ekar, yang mana kami berhasrat untuk terus menarik industri antarabangsa ke kawasan pembangunan kami.*



*Signing Ceremony with Linatex Rubber Products Sdn Bhd, the subsidiary of The Weir Group PLC (U.K).*



*French Prime Minister Jean-Marc Ayrault visited Messier Bugatti-Dowty factory at Sendayan TechValley. Accompanied by Negeri Sembilan Chief Minister Y.A.B Dato' Seri Utama Hj. Mohamad Bin Hj. Hassan*





External facade of Eugenix, Taman Seri Impian, Kluang, Johor

### Taman Seri Impian in Kluang, Johor

The Company is pleased to note that Taman Seri Impian continued to garner interest within the fast-growing state of Johor. Our Kluang township development constituted RM83.9 million or 14.6% of total group revenue in FY2013.

In the year under review, MCHB Group completed and delivered a residential project – Impiana Casa 1 -comprising 465 units of single-storey terrace and double-storey terrace houses. All units were fully sold by the end of 2013.

In tandem with growing demand, we launched Impiana Bayu 1 in July 2013, featuring 603 units of double-storey and single-storey terrace houses. As at end-2013, the Group has a total ongoing GDV of RM222.5 million in Taman Seri Impian. The total pipeline GDV in Taman Seri Impian amounts to approximately RM693.2 million which is expected to sustain the township till 2019.

Similar to Bandar Sri Sendayan, we aim to develop and raise the township's dynamism to a higher level by incorporating key commercial elements. We are in talks with potential partners to bring in renowned retail and commercial brands to Taman Seri Impian, which we believe will translate to enhanced value for buyers.

### Others: Negeri Sembilan and Kuala Lumpur

#### Negeri Sembilan

Apart from our two township development projects, the Group has other ongoing projects within Negeri Sembilan.

In the year under review, MCHB Group launched the first phase of the Lobak Commercial Centre, located in Seremban. The first phase consisting of 12 units of double-storey shop offices, has been fully taken-up to date.

At the same time, the MCHB Group continued to record higher take-up and improved revenue recognition from our

### Taman Seri Impian di Kluang, Johor

Syarikat ini berasa gembira untuk menyorotkan bahawa Taman Seri Impian terus menjana minat dalam negeri Johor yang pantas berkembang. Pembangunan perbandaran Kluang kami menyumbang RM83.9 juta atau 14.6% daripada pendapatan keseluruhan kumpulan pada FY2013.

Pada tahun dalam semakan, Kumpulan MCHB menyiapkan dan menyerahkan satu projek kediaman – Impiana Casa 1 – terdiri daripada 465 unit rumah teres satu tingkat dan dua tingkat. Kesemua unit telah habis dijual menjelang akhir 2013.

Seiring dengan permintaan yang meningkat, kami melancarkan Impiana Bayu 1 pada Julai 2013, merangkumi 603 unit rumah teres dua tingkat dan satu tingkat.

Setakat akhir 2013, Kumpulan ini mempunyai sejumlah GDV bernilai RM222.5 juta yang berjalan di Taman Seri Impian. Jumlah rancangan GDV di Taman Seri Impian berjumlah lebih kurang RM693.2 juta yang dijangka akan menampung perbandaran ini sehingga 2019.

Serupa dengan Bandar Sri Sendayan, kami mensasarkan untuk membangunkan dan meningkatkan dinamisme perbandaran ini ke peringkat lebih tinggi dengan menggabungkan unsur-unsur komersil penting. Kami sedang berbincang dengan rakan-rakan yang berpotensi untuk membawa masuk jenama runcit dan komersil terkenal ke Taman Seri Impian, yang mana kami percaya akan diterjemahkan sebagai nilai yang dipertingkatkan untuk para pembeli.

### Lain-lain: Negeri Sembilan and Kuala Lumpur

#### Negeri Sembilan

Selain daripada dua projek pembangunan perbandaran kami, Kumpulan ini juga mempunyai projek-projek lain yang sedang berjalan di Negeri Sembilan.

Pada tahun dalam semakan, Kumpulan MCHB melancarkan fasa pertama Lobak Commercial Centre, terletak di Seremban. Fasa pertama ini terdiri daripada 12 unit kedai pejabat dua tingkat, telah habis dibeli setakat ini.

Pada masa yang sama, Kumpulan MCHB ini terus mencatatkan pembelian lebih tinggi dan perolehan pendapatan lebih baik



Impiana Villa, Taman Seri Impian, Kluang, Johor



*Lobak Commercial Centre, Seremban Negeri Sembilan.*

other existing ongoing project, Taman Desa PD 3 located in Port Dickson, Negeri Sembilan in FY2013.

In the pipeline, MCHB Group intends to launch another RM1.1 billion worth of residential and commercial projects within Negeri Sembilan which will keep us busy till 2018.

### **Kuala Lumpur**

Having focused our projects in Negeri Sembilan and Johor thus far, the Company ventured into Klang Valley to diversify our landbank into strategic growth locations. Hence, in August 2013, MCHB Group purchased two pieces of adjoining lands totalling 1.1 acres for purchase consideration of RM43.6 million.

The freehold prime lands, situated adjacent to the Putra World Trade Centre (PWTC), boast of excellent connectivity by existing road, Light Rail Transit (LRT) and monorail networks.

MCHB Group intends to undertake a RM250.0 million GDV mixed development project on the lands, encompassing high-rise serviced apartments with full facilities including retail and food and beverage outlets. This project, targeted to be launched in 2015, is expected to be completed within five years.

### **Appreciation**

With our years of experience, excellent track record and strong financial position, we believe that we are in an enviable position to tap into the tremendous potential in the Malaysian property market. We look forward to your continued support as stakeholders of the Company as we strive to grow together while being led by our vision of 'nurturing environments and enriching lives'.

Thank you.

### **Dato' Lee Tian Hock**

*Group Managing Director/Chief Executive Officer*

*daripada projek lain kami yang sedang berjalan, Taman Desa PD 3 terletak di Port Dickson, Negeri Sembilan pada FY2013.*

*Dalam perancangan kami, Kumpulan MCHB mahu melancarkan satu lagi projek kediaman dan komersil bernilai RM1.1 bilion di dalam Negeri Sembilan yang akan membuatkan kita sibuk sehingga 2018.*

### **Kuala Lumpur**

*Setelah menumpukan projek-projek kita di Negeri Sembilan dan Johor setakat ini, Syarikat ini telah meneroka ke kawasan Lembah Klang bagi mempelbagaikan simpanan tanah kami kepada lokasi pertumbuhan strategik. Oleh itu, pada Ogos 2013, Kumpulan MCHB telah membeli dua bidang tanah bersempadanan berkeluasan 1.1 ekar dengan pertimbangan pembelian sebanyak RM43.6 juta.*

*Tanah utama pegangan bebas ini, terletak bersebelahan dengan Pusat Dagangan Dunia Putra (PWTC), menawarkan perhubungan sangat baik melalui jalanraya, Transit Aliran Ringan (LRT) dan rangkaian monorel sedia ada.*

*Kumpulan MCHB mahu menjalankan projek pembangunan bercampur dengan GDV bernilai RM250.0 juta di atas tanah tersebut, merangkumi pangapuri perkhidmatan bertingkat tinggi dengan kemudahan lengkap termasuk kedai runcit dan makanan dan minuman. Projek ini, disasarkan untuk dilancarkan pada 2015, dan dijangka akan disiapkan dalam masa lima tahun.*

### **Penghargaan**

*Dengan tahun-tahun pengalaman kami, rekod prestasi cemerlang dan kedudukan kewangan kukuh kami, kami percaya bahawa kami berada pada kedudukan sangat baik untuk mengambil peluang yang banyak dalam pasaran hartanah Malaysia. Kami terus mengharapkan sokongan berterusan anda sebagai pihak berkepentingan Syarikat ini apabila kami berusaha untuk berkembang bersama-sama sementara dipimpin oleh visi kita 'memelihara persekitaran dan memperkayakan kehidupan'.*

*Terima kasih.*

### **Dato' Lee Tian Hock**

*Pengarah Urusan Kumpulan/Ketua Pegawai Eksekutif*

# SIGNIFICANT MEDIA HIGHLIGHTS



THURSDAY, 31 OCT 2013



## Weir Group to invest RM354mil over three years

**PTI akan ada** Leong Jooi Wei Group Plc, a British engineering and construction firm, will invest about RM354 million over the next three years to build its rubber processing plant in Seremban, Malaysia. The firm has also announced a major expansion of its rubber processing plant in Seremban, Malaysia.

The investment would also mean that Weir's investment in the country would be over RM1 billion following the creation of about 600 jobs.

The company, which acquired Malaysia-based Linatex group in 2010 for US\$200 million (RM720 million), said in a statement that the investment was part of its strategy to increase capacity in the fast-growing Asia-Pacific region.

The Seremban and another plant will expand the production of high quality tubing, sourced at first but, while the rubber tree will increase their ability to supply the growing demand for finished products," it said.

The announcement was made following a meeting between the UK Prime Minister David Cameron, Malaysian Prime Minister Datuk Seri Najib Razak and Weir Group chief executive Keith Cochran.

Linatex is a 100 per cent rubber product used in the mining industry which, according to the company, is outstanding in terms of strength and resistance to cutting, tearing and abrasion.

The second Linatex continues



Cochran (left) speaking with PM Najib Razak in Seremban. Cochran said the investment represented "an important step in the development of our global supply chain capacity and builds on the success of our 2010 acquisition of Malaysia-based Linatex. "Since then, production has more than doubled. This investment, which is the largest made by a UK company in the last five years, builds on that success. "The customer demonstrates our capability in Malaysia as a long-term source of high quality products for our customers around the world," it said.



SELASA 30 JULY 2013

## Projek mengeluarkan brek karbon kapal terbang syarikat Perancis Sendayan hab teknologi tinggi

### Matrix enjoys strong cash flow position

**Matrix Corporate Holdings Bhd** (Dec 3, RM4.34) **Infinitum coverage** which supports its target price of RM4.20. We include coverage on Matrix with an "outperform" recommendation and target price of RM4.80 based on the 20% discount to its revised net asset value (NAV) of RM5. We are estimating FY13 earnings of RM1.60 million (44% year on year (-1.5x)) and RM1.67 million (1.19x y-o-y) respectively based on our assumptions of RM1.60 million in RM700 million where it is active in sales at the Seremban Tech Valley in Seremban. Meanwhile, Matrix has two major land parcels in the state of Seremban (0.233 acres at 2,000 ft) located in Seremban, Negri Sembilan and Tasek Seri Empang in Kelang, Johor (900 acres). Matrix's existing manufacturing development value (DAV) of RM200 million provides working up to 2022. Its main drivers are its knowledge developments and Seremban Tech Valley (part of Bandar Seri Sendayan), which are targeted at the aviation engine market. Seremban is part of the Greater Klang Valley K1, cooperation and thus, Bandar Seri Sendayan has indirectly benefited from the spill-over effect due to the significant property price increase in the Klang Valley. Seremban Tech Valley has also attracted foreign direct investments which will spur economic activities in the area.

Matrix's dividend yields have been relatively unaffected from the recent increases in the property market.

Its total returns are largely locked at its monthly four points, at around 2% to 3% of total cost of 2.5% compared to the industry average of 3.0% to 3.5%. Hence, the

video that is more pricing flexibility against the competitors which helps maintain the recent property trading momentum.

As a net promoter rated 36.31 of FY13, the company was in a net cash position of 0.36 times post its initial public offering. After setting off its 100% accumulated liquid liabilities commitment, and estimated dividend obligations for FY14, we estimate that the group has RM124 million (equivalent of 0.2x and 0.6x) to use for further fundraising for its projects.

Assuming that land cost is 1.0% to 1.5% of GDP and a reasonable tax paying cost of 0.3 times, the group can replenish up to RM3.2 billion in FY13, 2.8 billion worth of DAV from FY14 onwards. However, the group is looking at breakeven of between RM200 million to RM700 million next year and is likely to tick within the vicinity of Bandar Seri Sendayan.

Matrix has a reasonable 10% dividend payout ratio and is the only developer to pay out quarterly dividends to its shareholders, a strong cash flow position. Additionally, valuations are attractive with dividend yields of 0.4% and 0.2% and price-earnings ratio (PER) of 8.6 times and 5.8 times for FY12 and FY13 respectively. The company is comparable with mid-cap peers' average dividend yields of 4.3% and 4.9% and PER of 8.8 times and 7.1 times for FY13 and FY14 respectively.

Even as we are not yet in the CTP, the group's implied FY13 and FY14 dividend yields are 0.2% and 0.2%, which are still attractive compared to its peers. As our D1 coverage of FY13 and FY14 will be around 1.3 times and 1.4 times, which are slightly higher than our mid-cap peers' averages of 1.3 times and 1.4 times. However, this is justifiable as its

roangnya melalui pembinaan pusat pengilangan brek karbon kapal terbang korporasi milik syarikat Perancis, Messier Bugatti-Dowty Safran.

Pembinaan fas pertama (untuk an membina projek lebih RM200 juta dan dijangka memulau belanjanya berbilion ringgit apabila siap sepenuhnya 2015).

Projek itu juga akan menjadi tapak komersial penanaman pokok terapan dalam pesawat itu bagi pasaran Asia Pasifik.

Kepimpinan projek dari syarikat Perancis itu ke atas projek aerospasial di Lembah Teknologi Sendayan dekat sini, hari ini

telah dipertikai oleh Perdana Menteri Perancis, Jean Marc Ayrault yang melawat tapak projek berkenaan sempena lawatan rasmi dua hari ke negara ini.

Kehadiran beliau itu disambut Menteri Besar, Datuk Seri Mohamad Hasan bersama Ketua Pegawai Eksekutif Safran, Vincent Mascré.

Dalam sidang akhbar kemudiannya, Ayrault berkata, lawatan ini merupakan sebahagian gerak kerja beliau dalam usaha

meneliti pembangunan industri aerospasial yang semakin berkembang di negara ini.

"Syarikat ini memilih Malaysia sebagai kawasan baru untuk memperluaskan pasarnya di Asia Pasifik kerana negara ini stabil, selain mempunyai pemerintahan kerajaan yang pantas dan membebanaskan."

Sementara itu, Mohamad pula memperlitan, beliau amat berbesar hati

dan gembira atas pelaksanaan berkesan dan aktif memajukan segala operasi dan pembangunan projek berkenaan bertalian antarabangsa.

"Mereka dijangkakan bakal memulau operasi bermula pada 2015" dan dijangka mampu menampung keperluan bagi pasaran Asia Pasifik," ujarnya.



Jean Marc Ayrault (kanan) bersama Mohamad Hasan melihat model brek karbon kapal terbang sambil diperhatikan Vincent Mascré (kiri) ketika lawatan ke tapak projek kilang pengeluar brek karbon kapal terbang di Lembah Teknologi Sendayan, Seremban, semalam.



JUMAT 25 OKTOBER 2013

## 12,000 rumah dalam 5 tahun

### Tampung permintaan, keperluan perumahan rakyat di BBS

**Diah Mohd Anis** (di) **anur@rediffmail.com**

**S**ehinggal 12,000 unit kediaman termasuk rumah mampu milik diwujudkan di Bandar Baru Seri Sendayan (BBS) dalam tempoh lima tahun lagi mematuhi permintaan dan keperluan perumahan rakyat.

Pengarah Urusan Kumpulan dan Konsa (Konsa) Eksekutif, Marlin Concept Holdings Bhd Datuk Lee Yun Hock berkata, langkah memulau rumah ini seiring dengan kemajuan pembangunan pesat di kawasan ini.

"BBS juga merupakan projek yang mematuhi permintaan dan keperluan perumahan rakyat."

Katanya, pihaknya menganggarkan 120,000 penduduk di BBS menjelang 2020 yang memerlukan rumah yang mematuhi keperluan perumahan rakyat.

"Setakat ini, kami menyalak dan memulaukan kepada penduduk 1,000 unit rumah mampu milik yang telah selesai, se- seratus dua puluh dan berkesan



LEE memulaukan model pembangunan BBS yang mematuhi permintaan perumahan rakyat.

har memulau pembangunan perumahan rakyat. Beliau berkata, pembangunan perumahan di BBS akan dilaksanakan di 100 atak K-

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**FAKTA**  
Dibangunkan 120,000 penduduk di BBS

MALAYSIA



# ***SUSTAINABILITY***

Continuously re-innovate productivity and value driven performance to expand beyond standards of excellence.







Sharing joy with the orphans during Deepavali Celebration.

# CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

Matrix Concepts Holdings Berhad (“the Company”)’s corporate social responsibility (“CSR”) activities reflect its philosophy of implementing sound business practices and services that inspire, excite and elevate lives. Assisting the communities in which we operate and helping to shape a better, more sustainable society and we believe that these activities both benefit society and enhance corporate value.

During the financial year ended 31 December 2013, a committee has been set up to oversee CSR activities and arising therefrom, several activities have been undertaken as part of its ongoing CSR processes.

The Company recognises that as a successful corporation, the Company has a responsibility to cultivate a positive impact to our community, work place, market place and environment.

### **CARING FOR COMMUNITY – a commitment by the Company**

Through the Group's philanthropic contributions, we continue to champion various efforts deserving support. This involved various organisations and charitable bodies that truly deserve it. We believe that in giving back is when we truly receive.

During the year, the Company had also contributed generously towards the needy summarised as follows:-

- A cash contribution was handed out for the roof repair works at the Pertubuhan Kabajikan Kanak-Kanak Nanthisar to enable the children to have a better place to celebrate Deepavali.
- Cash contribution was given towards the repair works of the car porch for Pusat Jagaan Anak-Anak Istimewah Harapan, Taman Tuanku Jaafar, Sungai Gadut, Negeri Sembilan.
- Various other foundations and homes also received cash contributions for the upkeep and running of charitable homes as follows:
  - a) Murad Foundation
  - b) Pertubuhan Anak Yatim Darul Aminan
  - c) Pertubuhan Anak Yatim Al-Khair
  - d) Persatuan Anak Jati Ampangan



Negeri Sembilan Chief Minister Y.A.B Dato' Seri Utama Hj. Mohamad Bin Hj. Hassan officiating the new community centre contributed by the Company at Taman Bukit Sendayan, Negeri Sembilan.

Amongst others, the Company continuously strive to bring joy and a little bit of inspiration with the aim of enriching the lives of various organisations. Many initiatives for further betterment was carried out, including:-

- Sponsored 2 units of air-conditioning to Persatuan Penduduk Taman Sri Telawi to facilitate comfortable prayers experience at Surau Taman Sri Telawi.
- Cash contribution to the refurbishment of Dewan Koperasi Kaum Wanita Sendayan.
- Built a Multipurpose Hall for the community at the Balai Raya in Taman Bukit Sendayan.
- Cash donation of RM150,000 to the Chung Hua Secondary School, Port Dickson.
- Contributed land and RM1million for the new building of Negeri Sembilan Chinese Assembly Hall.
- Cash donation of RM100,000 for Chung Hua High School's in conjunction with their 100th Anniversary
- Cash contribution for Program Berbuka Puasa for students sitting for the PMR & SPM exams made via the PIBG of SMK Seri Sendayan.
- Cash donation towards SMK Seri Sendayan for the Pembinaan Pelan Strategik Sekolah 2014.



*Dato' Lee Tian Hock, Group Managing Director Officiating "Our Earth, Our Home" Charity Walk at Bandar Sri Sendayan.*



*A group photo with the participants after the charity walk.*





10,000 mud balls ready to be launched into the river.



Briefing by En. Azman from Jabatan Pengairan dan Saliran Malaysia before the launch.

### ENRICHING ENVIRONMENT - *Caring for Mother Nature*

The Company regards the importance of environment conservation and has initiated several environmental conservation measures in its operations. Our construction sites practise clear method of managing waste and construction materials through the principles of "RECYCLE, REUSE, REDUCE" in its daily operations. All wastage are minimized and whatever construction materials salvageable are channelled for recycle and re-use whenever possible.

In addition, our responsibilities towards the protection of our environment included:

- A sponsorship to create awareness on earth conservation walk - "Our Earth, Our Home Charity Walk" that was held at the Sendayan Green Park.
- Contribution of 10,000 pieces of mud ball equipment to clean up the river in our "Save Our River" campaign. This was carried out in collaboration with the Jabatan Pengairan Dan Saliran of Negeri Sembilan.



Mud-ball throwing in session.



Company trip to Italy and Switzerland 2013.

### MAKING WORK BETTER - enhancing employees' values

The Company recognises that its employees are its asset and it is imperative to have an engaged workplace in order to reinforce its core values and work towards the organisation's goals.

In pursuing these goals, the Company provides opportunities to enhance the employees' capacity and capability while ensuring workplace satisfaction, safety and wellness. The employees are encouraged to go for regular trainings for self-development to improve their well-being and intellectual capability.

The employees' welfare are well taken care of by the Company and among others, the Company provides annual overseas trips to reward them on their contributions towards the Group.

### A NATURE LOVING MARKET PLACE – encouraging operations through a “Green’ initiative

In the Company's daily operations, the Company has encouraged its suppliers on the usage of recycled parts for their end product. As part of encouragement, the Company will purchase, promote and support suppliers who cultivate such practices eg stationeries, uniforms, copiers etc.

### CONTINUOUS EFFORTS FOR CSR

As an established and caring developer in Malaysia, we place our priority on CSR by setting aside a budget in respect of monetary contributions towards CSR activities. From all our annual contributions, it clearly sets Matrix apart as the people's developer with a marked difference.



Company trip to Eastern Europe 2013.

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors is committed towards adhering to the requirements and guidelines as per the Malaysian Code on Corporate Governance 2012 (the “Code”) as well as the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad and strives to adopt the substance behind the corporate governance prescriptions and not merely the form.

The Board is of the view that it has complied with the Code. Set out below is the manner in which the Group has applied the principles of good governance and the extent to which it has complied with the Code.

## BOARD RESPONSIBILITIES

The Board is responsible for the corporate governance practices of the Group. It guides and monitors the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group.

The key responsibilities include the primary responsibilities prescribed under the Code. These cover a review of the strategic direction for the Group, overseeing and evaluating the business operations of the Group, reviewing adequacy of the internal control, identifying principal risks and ensuring that the risks are properly managed, establishing a succession plan and developing and implementing an investor relations program. The responsibility for matters material to the Group is in the hands of the Board, with no individuals having unfettered powers to make decisions.

In this regard, the Board is guided by the documented and approved Board Charter and Limits of Authority which define matters which are specifically reserved for the Board and day-to-day management of the Group delegated to the Group Managing Director (“GMD”). This formal structure of delegation is further cascaded by the GMD and Deputy Group Managing Director to the senior management team within the Group. However, the GMD and the senior management team remain accountable to the Board for the authority that is delegated.

In performing their duties, all Directors have access to the advice and services of the Company Secretaries and if necessary, may seek independent professional advice about the affairs of the Group. The Company Secretaries attends all Board meetings and advises the Board on regulatory procedure, the requirement of the Company’s Memorandum and Articles of Association, the Companies Act, 1965 and the MMLR. The Company Secretaries also ensures that there is good information flow within the Board between the Board, Board Committees and senior management. Board members are provided with Board papers in advance before each Board meeting for decision, including the overall Group strategy and direction, acquisitions and divestments, approval of major capital expenditure projects and significant financial matters.

The Board has approved a board charter (Board Charter) which sets out a list of specific functions that are reserved for the Board. The Board Charter addresses, among others, the following matters:-

- Duties and responsibilities of the Board;
- Directors’ Code of Ethics;
- Composition and Board balance;
- The role of chairman and chief executive officer/managing director;
- Appointments;
- Re-election;
- Supply of information;
- Separation of power;
- Board of committees;
- Remuneration;
- Financial reporting;
- General meetings;
- Investor relations and shareholder communication; and
- Relationship with other stakeholders (employees, environment, social responsibility).

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## BOARD RESPONSIBILITIES (cont'd)

The approval and adoption of the Board Charter and Directors' Code of Ethics formalizes the standard of ethical value and behavior that is expected of the Directors at all times. The Board Charter and Directors' Code of Ethics are reviewed periodically to ensure their relevance and compliance.

The Group is also committed towards sustainable development. Employees' welfare, environment as well as community responsibilities are integral to the way in which the Group conducts its business. A Report on the activities pertaining to corporate social responsibilities is set out in page 36 of this Annual Report.

## COMPOSITION OF THE BOARD

The Board currently has seven (7) members, comprising one (1) Non-Independent Non-Executive Director, two (2) Executive Directors and four (4) Independent Non-Executive Directors. Four (4) of the Directors are Independent Directors, which complied with the minimum one third (1/3) of MMLR requirements. Together, the Directors bring characteristics which allow a mix of qualifications, skills and experience which is necessary for the successful direction of the Group.

A brief profile of each Director is presented on pages 11 to 17 of this Annual Report.

The Group practices the division of responsibility between the Chairman and GMD and there is a balance of Executive, Non-Executive and Independent Non-Executive Directors. The roles of the Chairman and GMD are separate and clearly defined, and are held individually by two (2) persons. The GMD is primarily responsible for the overall management and the day-to-day operations of the business of the Group whereas the Chairman, who is a Non-Independent Non-Executive member of the Board, is primarily responsible for the overall implementation of Boards policies and decisions.

The Board believes that the current size and compositions is appropriate for its purpose, and is satisfied that the current Board composition fairly reflects the interest of minority shareholders within the Group. As per the recommendation of the Code, in accordance with the gender diversification policies for a more balance and better mix in its composition, Puan Salmah Binti Sharif was appointed as an additional Independent Non-Executive Director on 19 November 2013.

## BOARD AND COMMITTEE MEETINGS

Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. The Board records its deliberations, in terms of issues discussed, and the conclusions in discharging its duties and responsibilities. All Directors are fully briefed in advance of Board meetings on the matters to be discussed and have access to any further information they may require. The Board may, whenever required, set up committees delegated with specified powers and responsibilities.

The Board has established the following Committees to assist the Board in the execution of its duties:

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee
- ESOS Committee

The number of meetings of the Board and Board Committees held during the financial year ended 31 December 2013 were:

Board of Directors	6 meetings
Audit Committee	3 meetings
Nomination Committee	1 meeting
Remuneration Committee	1 meeting
Risk Management Committee	2 meetings

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## BOARD MEETINGS (cont'd)

The composition of the Board and the attendance of each at the Board meetings held during the year are as follows:-

Name of Director	Designation	Status of Directorship	Attendance of Meetings
Dato' Haji Mohamad Haslah Bin Mohamad Amin	Chairman	Non-Independent and Non-Executive	6/6
Dato' Lee Tian Hock	Group Managing Director/ Chief Executive Officer	Executive	6/6
Ho Kong Soon	Deputy Group Managing Director/Chief Operating Officer	Executive	6/6
Dato' Firdaus Muhammad Rom Bin Harun	Director	Independent and Non-Executive	6/6
Dato' (Ir.) Batumalai A/L Ramasamy	Director	Independent and Non-Executive	6/6
Rezal Zain Bin Abdul Rashid	Director	Independent and Non-Executive	5/6
Salmah Binti Sharif #	Director	Independent and Non-Executive	1/6

# Puan Salmah Binti Sharif was appointed to the Board on 19 November 2013.

## INFORMATION FOR THE BOARD

The Directors are provided with adequate Board reports on a timely manner prior to the Board meeting to enable the Directors to obtain further explanations, where necessary. These reports provide information on the Group's performance and major operational, financial and corporate issue. Minutes of the Board Committees are also tabled at the Board meetings for the Board's information and deliberation. The Directors have access to the advice and services of the Company Secretaries whose terms of appointment permit removal and appointment only by the Board as a whole.

## RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, all newly appointed Directors shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment. The Articles further provide that at least one third (1/3) of the remaining Directors be subject to re-election by rotation at each Annual General Meeting. Directors over seventy years (70) of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

## BOARD INDEPENDENCE

Independent Non-Executive Directors play a leading role in Board Committees. The management and third parties are co-opted to the Committees as and when required. The Code, recommends that the tenure of an independent director should not exceed a cumulative term of nine (9) years. At the moment, the present composition is still within compliance with the Code as the current Board was only formed within the years of 2012 to 2013.

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## **BOARD INDEPENDENCE** (cont'd)

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in the MMLR. The MMLR's definition of independence includes a series of objective tests such as director is not an employee of the Company and is not engaged in any type of business dealings with the Company. Hitherto, none of the Independent Directors engage in the day-to-day management of the Company, participate in any business dealings or are involved in any other relationship with the Company (other than in situations permitted by the applicable regulations). During the financial year, none of the Independent Directors had any relationship that could materially interfere with his unfettered and independent judgment.

## **BOARD COMMITTEES**

The Board appoints the following Board Committees with specific terms of reference:-

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee

The Board has also approved and adopted a formal terms of reference that outlines the functions, duties and responsibilities of pertinent Board Committees in line with the Board's objective in pursuing good governance practice. Besides the above committees, other Board and Management committees, namely ESOS Committee and Executive Management Committee were also formed to assist the Group with the inclusion of senior management in the administration of employees share options and operational matters.

### **Audit Committee**

The Company has an Audit Committee whose composition meets the MMLR, where Independent Directors form the majority. All members of the Audit Committee are relatively financially literate, while the Chairman of the Audit Committee, an Independent Director, is a member of the Malaysian Institute of Accountants. The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with external auditors.

The Audit Committee has full access to both the internal and external auditors who in turn, have access at all times to the Chairman of the Audit Committee. The role of the Audit Committee and the numbers of meetings held during the financial year as well as the attendance record of each member are set out in the Audit Committee Report in this Annual Report.

### **Nomination Committee**

The Board has established a Nomination Committee comprising entirely Non-Executive Directors, a majority of whom are Independent and chaired by an Independent Director. The composition of the Nomination Committee is as follows:-

Dato' Firdaus Muhammad Rom Bin Harun (Chairman)  
Dato' (Ir.) Batumalai A/L Ramasamy  
Rezal Zain Bin Abdul Rashid

The Nomination Committee is responsible for proposing new nominees to the Board and Board Committees, for assessing on an annual basis, the contribution of each individual Director and the overall effectiveness of the Board. The final decision as to who shall be appointed as Director remains the responsibility of the full Board, after considering the recommendation of the Nomination Committee.

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## **Nomination Committee** (cont'd)

The terms of reference of the Nomination Committee are as follows:

- To annually review the required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and such information will be disclosed in the annual report;
- To recommend to the Board, candidates for all directorships by reviewing the composition of Independent Directors in the Board by taking into consideration the tenure of Independent Directors shall not exceed nine (9) years and assessment of the Independent Directors to be done annually;
- To consider, in making its recommendations, candidates for directorships within the bounds of practicability, by any other senior executive or any director or shareholder;
- To recommend to the Board, directors to fill the seats on Board committee including gender diversity policies and targets with encouragement on recruitment of female directors;
- To assess the effectiveness of the Board as a whole, the committees of the Board, and the contributions of each individual director;
- To examine the size of the Board with a view to determining the impact of the number upon its effectiveness.

Meetings of the Nomination Committee are held as and when necessary, and at least once a year. The Nomination Committee met once during the financial year and all members registered full attendance. During the year, Puan Salmah Binti Sharif was appointed to the Board and in accordance thereto, the Nomination Committee, upon its recent annual review carried out, is satisfied that the size of the Board is optimum and that there is an appropriate mix of experience gender diversification and expertise in the composition of the Board.

As documented in the Board Charter, the appointment of a new director is a matter for consideration and decision by the full Board upon appropriate recommendation by the Nomination Committee. New Directors are expected to have such expertise so as to qualify them to make positive contribution to the Board, performance of its duties and to give sufficient commitment, time and attention to the affairs of the Company.

The Company Secretaries has the responsibility of ensuring that relevant procedures relating to the appointment of new Directors are properly executed.

## **Remuneration Committee**

The Board has established a Remuneration Committee consisting of the following Directors, majority of whom are independent Directors:

Salmah Binti Sharif (Chairperson)  
Dato' Lee Tian Hock  
Dato' (Ir.) Batumalai A/L Ramasamy

The Remuneration Committee reviews the remuneration packages, reward structure and fringe benefits applicable to the GMD, Executive Director and senior management on an annual basis and makes recommendations to the Board. The Board as a whole determines the remuneration of the GMD and the Executive Director with each individual Director abstaining from decision in respect of his own remuneration.

In establishing the level of remuneration for the GMD, Executive Directors and senior management, the Remuneration Committee has regard to packages offered by comparable companies and may also obtain independent advice if deemed necessary.

The remuneration of the GMD and the Executive Director comprises a fixed salary and allowances, and a bonus approved by the Board. The remuneration for Non-Executive Directors comprises annual fees, meeting allowance and reimbursement of expenses for their services in connection with Board and Board Committee meetings.

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## Remuneration Committee (cont'd)

The terms of reference of the Remuneration Committee with regard to its role are as follows:

- To review and recommend the remuneration packages of the Executive Directors in all its terms, drawing from outside advice whenever necessary prior to making the relevant recommendations to the Board such that the levels of remuneration are sufficient to attract and retain the directors needed to run the Company successfully;
- The determination of remuneration package of Non-Executive Directors should be a matter of the Board as a whole.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Remuneration Committee met once during the financial year and all the members registered full attendance.

## Risk Management Committee

The Board has established a Risk Management Committee ("RMC") consisting of the following Directors, majority of whom are Independent Directors:-

Rezal Zain Bin Abdul Rashid (Chairman)  
Ho Kong Soon  
Salmah Binti Sharif

The RMC is responsible for formulating and reviewing the risk management policies and risk strategy of MCHB Group. The RMC reviews the overall risk profile on a periodic basis and approves the methodology to be followed and contingency plan for dealing with various risk exposures.

RMC shall carry out its duties for MCHB Group as a whole, on an independent basis free from management or other restrictions. Overall, the duties of RMC is to identify, assess, monitor and manage risk including to oversee, report and make recommendations to the Board in respect of any risks exposure faced by the Group.

The terms of reference of RMC with regard to its risk management role are as follows:-

- Advise the Board on the Company's overall risk appetite, tolerance and strategy, taking into account of the current and prospective macroeconomic and financial environment;
- Review the Company's capability to identify and manage new risk types;
- Review reports on any material breaches of risk limits and the adequacy of proposed action;
- Keep under review the effectiveness of the Company's internal financial controls and internal controls and risk management systems and review and approve the statements to be included in the annual report concerning internal controls and risk management;
- Consider and approve the limits of risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards;
- Review promptly all reports on the company from the risk officer;
- Review and monitor management's responsiveness to the findings and recommendations of the risk officer;
- Recommend to the Board on the appointment/removal of risk officer.

Details on Risk Management Framework are elaborated in the Statement on Risk Management and Internal Control of this Annual Report.



# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## DIRECTORS' TRAINING

The Company has engaged educational/training programs to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.

In addition to the Mandatory Accreditation Program, Board members are also encouraged to attend training programs conducted by highly competent professionals that are relevant to the Company's operations and business. All Directors have successfully completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with the MMLR.

The courses that had been attended by the Directors are as follows:-

Name of Director	Topics of Courses Attended
Dato' Haji Mohamad Haslah Bin Mohamad Amin	<ul style="list-style-type: none"> <li>2014 Budget updates</li> </ul>
Dato' Lee Tian Hock	<ul style="list-style-type: none"> <li>Managing in uncertainty : surviving the turbulence</li> </ul>
Ho Kong Soon	<ul style="list-style-type: none"> <li>2014 Budget seminar</li> </ul>
Dato' Firdaus Muhammad Rom Bin Harun	<ul style="list-style-type: none"> <li>Implementing the recommendations of the Malaysian Code on Corporate Governance 2012 for listed corporations with Bursa Malaysia Securities Berhad</li> <li>Nominating and Remuneration Committees – what every director should know</li> </ul>
Dato' (Ir.) Batumalai A/L Ramasamy	<ul style="list-style-type: none"> <li>Governance in action – what every director should know</li> </ul>
Rezal Zain Bin Abdul Rashid	<ul style="list-style-type: none"> <li>Advocacy session on corporate disclosure for Directors of listed issuers, Bursa Malaysia Securities Berhad</li> <li>MIA-ACCA forum 2013, the value of quality audit</li> <li>Risk Management training</li> <li>Governance &amp; Enterprise Risk Management</li> <li>The Board's role in strategic risk management</li> <li>Nominating Committee Programme</li> </ul>

Puan Salmah Binti Sharif was appointed to the Board on 19 November 2013 and has not been able to attend any course for the financial year ended 31 December 2013.

## DIRECTORS' REMUNERATION

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than necessary to achieve this goal. The level of remuneration for the GMD and Executive Director is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies. A formal review of the Directors' remuneration is undertaken on a periodic basis as determined by the Board.

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## DIRECTORS' REMUNERATION (cont'd)

The details on the aggregate remuneration of Directors for the financial year ended 31 December 2013 of the group are as follows:-

	Non-Executive Directors RM'000	Executive Directors RM'000	Total RM'000
Directors' fees	1,013	-	1,013
Meeting allowances	41	16	57
Salaries	-	2,640	2,640
Bonuses	-	2,640	2,640
Employees provident fund contribution	-	581	581
Benefits in kind & allowances	54	1,776	1,830
	1,108	7,653	8,761

Remuneration paid to Directors during the year analysed into bands of RM50,000, which complies with the disclosure requirements under the MMLR is as follows:

	Non-Executive Directors	Executive Directors
RM50,000 and below	1	-
RM50,001 to RM100,000	3	-
RM900,000 to RM950,000	1	-
RM3,550,000 to RM3,600,000	-	1
RM4,050,000 to RM4,100,000	-	1

## ACCOUNTABILITY AND AUDIT

The Company has established an Audit Committee to review the integrity of the financial reporting and to oversee the independence of the external auditors.

### Transparency and Financial Reporting

In presenting the annual financial statements and quarterly announcements of results to the shareholders, the Board aims to present a balanced and understand assessment of the Group's position and prospects. Before the financial statements were drawn up, the Directors have taken the necessary steps to ensure all the applicable accounting policies are applied consistently, and that the policies are supported by reasonable and prudent judgement and estimates. All accounting standards, which the Board considers to be applicable, have been followed. The role of the Audit Committee in the review and reporting of the financial information of the Group is outlined in the Audit Committee Report in this Annual Report.

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## Related Party Transactions

Directors recognize that they have to declare their respective interest in transactions with the Company and the Group, and abstain from deliberation and voting on the relevant resolution in respect of such transactions at the Board or at any general meetings convened to consider the matter. All related party transaction are reviewed as part of the annual internal audit plan, and the Audit Committee reviews any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that causes questions of management integrity to arise. Details of related party transactions are set out in Note 25 to the annual financial statements.

## Internal Control

The information on the Group's internal control is presented in the Statement on Risk Management Internal Control in this Annual Report.

## Relationship with External Auditors

The Board has established transparent and appropriate relationship with the external auditors through the Audit Committee. The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report in this Annual Report.

## RECOGNISE AND MANAGE RISKS

### Sound Framework to Manage Material Business Risks

The Company has established a general framework under the RMC for the oversight and management of material business risks. As required by the Board, the management has devised and implemented appropriate risk management systems coupled with internal control and reports to the Board and senior management. The RMC is entrusted with monitoring the effectiveness of risk management systems and is required to report to the Board on any significant risk exposure.

The Nomination and Remuneration Committee is entrusted by the Board with the responsibility to review candidates for directors and key management positions appointment and assessment. In addition, to ensure that the Group has a robust leadership pool to meet future challenges and for succession planning, the Group encourages, in particular, the senior management team to participate in leadership programs to be groomed and nurtured to undertake new challenges with a view to enhance their leadership skills.

### Internal Audit Function

In a desire to maintain total independence in the management of the internal control environment and remain in compliance with the MMLR, the Company has appointed Wensen Consulting Asia (M) Sdn Bhd to manage the Company's Internal Audit function on an outsourced basis.

The internal auditors report independently and directly to the Audit Committee in respect of the Internal Audit function. The Audit Committee together with the internal auditors agreed on the scope and planned Internal Audit activity annually and all audit findings arising therefrom are reported to the Audit Committee on a quarterly basis.

Further details of the activities of the risk management and internal audit function are set out in the Statement on Risk Management and Internal Control in this Annual Report.

### Whistle Blowing Policy

The Company has in place a whistle blowing policy which provides a mechanism for officers and employees of the Company to report instances of unethical behavior, actual or suspected fraud or dishonestly or violation of the Company's code of conduct.

# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## TIMELY DISCLOSURE AND INVESTOR RELATIONSHIP

The Company is fully committed in maintaining a high standard for the dissemination of relevant and material information on the development of the Group. The Company also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders. The Company uses a number of formal channels for effective dissemination of information to the shareholders and stakeholders particularly through the annual report, announcements to Bursa Securities, media releases, quarterly results analyst briefings, Company's websites and investor relations.

The annual reports has comprehensive information pertaining to the Group, while various disclosures on quarterly and annual results provide investor with financial information. Apart from the mandatory public announcements through Bursa Malaysia, the Group's website at [www.mchb.com.my](http://www.mchb.com.my) provides corporate, financial and non-financial information. Through the website, shareholders are able to direct queries to the Company. The Group's investor relation activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication, and to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders' understanding of the Group, its core businesses and operations, thereby enabling investors to make informed decision in valuing the Company's shares.

The GMD and the senior management meet regularly with analysts, institutional shareholders and investors. At general meetings, the Board encourages shareholders' participation and responds to their questions. Shareholders may also leave written questions for the Board to respond. The Share Registrar is available to attend to matters relating to shareholder's interests.

The primary contact for investor relation matters is:-

Chan Yee Chun  
Deputy Head, Group Corporate Communication and Public Relations Department  
Email : [ycchan@mchb.com.my](mailto:ycchan@mchb.com.my)

## DIVIDEND POLICY

The Board has adopted a dividend policy of paying out about 40% of the Groups' consolidated profit after tax subject to, among others, availability of distributable reserves and adequate cash flow from operations, to allow the shareholders to participate in the profits of the Company.

Whilst the dividend policy reflects the Board's current views of the Group's financial and cash flow position, the dividend policy will be reviewed from time to time as deemed fit by the Board.

## EFFECTIVE COMMUNICATION AND ENGAGEMENT WITH SHAREHOLDERS

The Company is of the view that the Annual General Meeting and other general meetings are important opportunities for meeting investors and addressing their concerns. The Board, senior management and external auditors attend all such meetings. Registered shareholders are invited to attend and participate actively in such meetings, including clarifying and questioning the Company's strategic direction, business operations, performance and proposed resolutions.

Each shareholder can vote in person or by appointing a proxy to attend and vote on his/her behalf. Separate issues are tabled in separate resolutions at general meetings, voting is carried out systematically and resolutions are properly recorded. Generally, resolutions will be carried out by show of hands except for substantive resolutions or as mandated by the authorities, the resolutions will be voted through polling session.

# AUDIT COMMITTEE REPORT

The Board of Directors of Matrix Concepts Holdings Berhad is pleased to present the report on the Audit Committee of the Board for the year ended 31 December 2013.

## OBJECTIVE

The Audit Committee was established to act as a Committee of the Board of Directors to fulfill its fiduciary responsibilities in accordance with the Terms of Reference of the Audit Committee of Matrix Concepts Holdings Berhad and to assist the Board in reviewing the adequacy and integrity of the Group's financial administration and reporting and internal control.

## MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee comprises the following members:-

### Chairman

Rezal Zain Bin Abdul Rashid (Independent Non-Executive Director)

### Members

Dato' Firdaus Muhammad Rom Bin Harun (Independent Non-Executive Director)

Salmah Binti Sharif (Independent Non-Executive Director)

Dato' (Ir.) Batumalai A/L Ramasamy (Independent Non-Executive Director) - *relinquished his membership on 19 November 2013.*

## TERMS OF REFERENCE

The terms of reference of the Audit Committee are as follows:

### Membership

1. The Audit Committee shall be appointed by the Board from amongst their members and shall consist of at least three (3) members, all of whom must be Non-Executive Directors, with a majority of them being independent directors.
2. At least one (1) member of the Audit Committee:-
  - a) must be a member of the Malaysian Institute of Accountants; or
  - b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' of working experience and:
    - Must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - Must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
3. The members of the Audit Committee shall elect a Chairman from amongst their members who shall be an Independent Non-Executive Director.
4. In the event of any vacancy in the Audit Committee, within three (3) months of that event, the Board shall appoint new members to make up the minimum number of three (3) members.
5. No alternate director shall be appointed as a member of the Audit Committee.
6. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

# AUDIT COMMITTEE REPORT

(cont'd)

## AUTHORITY

The Audit Committee is authorised by the Board:-

1. To investigate any activity within its terms of reference;
2. To have the resources required to perform its duties;
3. To have full and unrestricted access to information about the Company and the Group;
4. To have unrestricted access to both the internal and external auditors and to all employees of the Group;
5. To have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
6. To obtain external legal or other independent professional advice as necessary; and
7. To be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees, whenever deemed necessary.
8. Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR of Bursa Malaysia Securities Berhad, the Committee shall promptly report such matters to the authorities.

## FUNCTIONS

The functions of the Audit Committee shall be:-

1. To review with the external auditors and report to the Board:-
  - the audit plan;
  - their evaluation of the system of internal controls;
  - their audit reports, to ensure that their recommendations regarding management weaknesses are implemented;
  - the annual financial statements and recommend the adoption of the financial statements; and
  - the audit fees.
2. To review with the internal auditors and report to the Board:-
  - the Group's internal control procedures, including organisational and operational controls.
  - the internal audit's scope of work, functions, competency and resources and that it has the necessary authority to carry out its work.
  - the Annual Audit Plan.
  - the results of audit findings and other relevant reports.
  - the assistance given by the Company's officers to the internal auditors.
  - the regular management information and to ensure that audit recommendations regarding management weaknesses are effectively implemented; and
  - any related party transactions and conflict of interest that may arise within the Company and the Group including any transaction, procedure or course of conduct that raise questions of management integrity.

# AUDIT COMMITTEE REPORT

(cont'd)

## **FUNCTIONS** (cont'd)

3. To review, approve and note the following relating to the internal audit function:-
  - To review any appraisal or assessment of the performance of members (or the independent professional service provider firm as the case may be) of the internal audit function;
  - To approve any appointment or termination of senior staff members (or the independent professional service provider firm as the case may be) of the internal audit function; and
  - To note resignation of internal audit staff members (or the independent professional service provider firm as the case may be) and providing the staff members (or the independent professional service provider firm as the case may be) an opportunity to submit his/their reasons for resigning.
4. To review the Group's quarterly financial results and year end financial statements, prior to the approval by the Board of directors focusing particularly on:-
  - i) changes in or implementation of major accounting policy changes;
  - ii) significant and unusual events; and
  - iii) compliance with accounting standards and other legal requirements.
5. To review and recommend the appointment of the external auditors.
6. To review on any removal or resignation of the external auditors.
7. To undertake such other functions as may be agreed to by the Audit Committee and the Board.

## **MEETINGS**

1. Meetings shall be held not less than four (4) times a year.
2. The quorum for each meeting shall be two (2) members present and a majority must be Independent Directors.
3. The GMD, the Executive Director, the Chief Financial Officer and the Internal Auditors shall normally be invited to attend the meetings. Other Board members and employees may also attend the meetings upon the invitation of the Audit Committee.
4. At least once a year, the Audit Committee shall meet with the external auditors without the presence of management and Executive Directors.
5. The Company Secretaries shall be the Secretaries of the Audit Committee. Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and of the Board.
6. The Chairman of the Audit Committee shall report on each meeting to the Board.

# AUDIT COMMITTEE REPORT

(cont'd)

## MEETINGS (cont'd)

During the financial year, there were three (3) Audit Committee Meeting held as the Audit Committee which were duly attended by the members as shown below:-

Audit Committee Member	Attendance
Rezal Zain Bin Abdul Rashid	3/3
Dato' Firdaus Muhammad Rom Bin Harun	3/3
Dato' (Ir.) Batumalai A/L Ramasamy #	3/3
Salmah Binti Sharif *	-

\* *Salmah Binti Sharif was appointed to the Audit Committee on 19 November 2013. There was no Audit Committee held in the financial year ended 31 December 2013 after her appointment.*

# *Dato' (Ir.) Batumalai A/L Ramasamy relinquished his membership in Audit Committee on 19 November 2013. During his tenure, he attended all the meetings held in the financial year ended 31 December 2013.*

## SUMMARY OF ACTIVITIES

Activities carried out by the Audit Committee during the financial year ended 31 December 2013 included the following:-

- a) Review the quarterly unaudited financial results and make necessary recommendations to the Board prior to release to the relevant authorities and public on:-
  - i) Compliance with existing and new accounting standards, policies and practices;
  - ii) Highlight any significant adjustments or usual events; and
  - iii) Compliance with MMLR of Bursa Malaysia Securities Berhad, Companies Act, 1965 and other regulatory requirements.
- b) Make enquiry if there are any related party transactions and to review to ensure the related party transactions, if any, are on ordinary commercial terms and are not favourable to the related party than is generally available to the public, and that the transactions are not detrimental to the minority party;
- c) Review the internal audit plan, scope of work and its finding at every quarter, and to highlight to the Board on any material findings.

## REPORT ON THE ALLOCATION OF EMPLOYEES SHARE OPTIONS

The Audit Committee has verified the allocation of options pursuant to the employees share option scheme and confirms that the criteria for allocation of options pursuant to the scheme had been disclosed to the employees and the said allocation has duly complied with the criteria set.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to paragraph 15.27(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors is pleased to provide the following statement on the state of internal control and risk management of the Group. This statement was prepared in accordance with the “Statement on Risk Management and Internal Control: Guidelines for Directors Listed Issuers” issued by the Institute of Internal Auditors Malaysia.

## RESPONSIBILITIES OF THE BOARD

The Board acknowledges its responsibility in maintaining an effective and sound system of internal control and risk management, including reviewing its adequacy and integrity in order to safeguard the assets of the Group and shareholders’ investments.

The Board has established an on-going process to continuously review the adequacy, integrity and effectiveness of the Group’s system of internal controls and risk management framework to ensure implementation of appropriate systems to effectively identify, evaluate and manage principal risks of the Group and to mitigate the effects of the principal risks on achieving the Group’s business objectives. This process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines. The process has been in place during the year up to the date of approval of the annual report and is subject to review by the Board.

In view of the limitations inherent in any system of internal controls and risk management, it should be appreciated that an effective system of internal controls and risk management framework is designed to manage principal risks of the Group rather than to eliminate the risks. These systems can only provide reasonable and not absolute assurance against material misstatement, fraud or losses.

The Audit Committee with the assistance of the Risk Management Committee will assist the Board in reviewing the adequacy, integrity and effectiveness of the system of internal controls and risk management framework within the Group and to ensure adequate resources are channeled to obtain the level of assurance required by the Board. The Audit Committee presents all its findings to the Board.

The Board is assisted by Management in implementing the Board’s policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to manage and control these risks.

The key features of the internal control systems and risk management are described below.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The following key features have been implemented by the Board in their effort to maintain an effective and sound systems of risk management and internal controls:-

### Risk Management Framework

The Board had established a Risk Management Committee with clear defined lines of accountability and authority.

They are responsible for identifying business risks, implementing appropriate systems of internal controls to manage these risks and ensuring that there is an on-going programme to continuously assess, monitor and manage the principal risk of the Group. The Board and Management ensure that the risk management and control framework is embedded into the culture, processes and structures of the Group. The framework is responsive to changes in the business environment and clearly communicated to all Key Management Personnel.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

## **Risk Management Framework** (cont'd)

The following are initiatives undertaken by the Risk Management Committee during the year:-

- Formalisation of Risk Management Policies and Framework of the Group;
- Formalisation of the appointment of the Risk Management Business Units ("RMBU") and Risk Owners ("RO");
- Formalisation of the Risk Profile of the Group and action plans to be undertaken to manage the principal risks of the Group; and
- Continuously monitor the action plans derived by the "Risk Owners" to address principal risks of the Group.

Based on the Formalised Risk Management Policies and Framework adopted and approved by the Board of Directors, the Risk Management Committee have delegated the responsibilities of identifying Key Risks of the Group to the respective "Risk Management Business Units" and "Risk Owners" whereby the "Risk Owners" are required to report the Key Risks of the Group with proposed action plans to the Risk Management Committee for review and consideration. The Key Risks of the Group with proposed action plans have been updated and presented to the Risk Management Committee in its meetings periodically.

## **Organisation Structure**

The Board has established an Organisation Structure of the Group, with clear lines of job scope and responsibilities for each department and divisions to administer and actively oversee the daily operations of the Group.

The Organisation Structure plays a vital role in acting out the Board's expectations through active participation in the operations of the business. Management meetings with the heads of all departments are held on a weekly basis, led by the Group Managing Director to discuss the progress of each project and other operational issues that require immediate attention of the Board.

## **Audit Committee**

The Audit Committee was established with a view to assist and to provide the Board with added focus in discharging the Board's duties.

The primary objectives of the Audit Committee are to provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting and practice of the Group and to improve the Group's business efficiency, the quality of the accounting function, the system of internal controls and audit function and strengthen the confidence of the public in the Group's reported results.

The Audit Committee also ensures that there are continuous efforts by Management to address and resolve areas with control weaknesses.

## **Internal Audit**

Internal Audit Function of the Group has been outsourced to an independent consulting firm ("Internal Auditor") who assists the Audit Committee and the Board primarily in formalising the Internal Audit Plan based on the established risk profile of the Group and carries out continuous internal controls reviews on the business processes that manages the principal risks identified on a quarterly basis based on the Internal Audit Plan prepared and approved by the Audit Committee. The total costs incurred for internal audit was RM15,000.

All findings including the recommendations for further improvement will be presented independently by the Internal Auditor to the Audit Committee subsequent to discussions with Management on a quarterly basis.

The independent monitoring, review and reporting arrangements undertaken by the Internal Auditor give reasonable assurance that the structure of internal controls and business processes are appropriate to the Group's operations so as to properly manage the principal risks to an acceptable level throughout the Group's businesses. Internal control weaknesses are identified and duly addressed either immediately or progressively.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

## Internal Audit (cont'd)

In the year under review, the following areas are the internal audit compliance reviews carried out by the Internal Auditor:-

- 1) Sales Administration Management;
- 2) Land Acquisition Management;
- 3) Project Pre-Development;
- 4) Project Execution;
- 5) Project Closure; and
- 6) Project Site Management.

The findings arising from the above reviews have been reported to Management for their response and subsequently for Audit Committee deliberation.

## OTHER KEY INTERNAL CONTROL ELEMENTS

- Clearly defined terms of reference, authorities and responsibilities of the various committees which include the Audit Committee, Risk Management Committee, Nomination Committee and Remuneration Committee.
- Well defined organisational structure with clear lines for the segregation of duties, accountability and the delegation of responsibilities to senior management and the respective division heads including appropriate authority limits to ensure accountability and approval responsibility.
- Budgets are prepared annually for the Business/Operating units and approved by the Board. The budgets include operational, financial and capital expenditure requirements and performance monitored on a monthly basis and the business objectives and plans are reviewed in the monthly management meetings attended by division and business unit heads. The Group Managing Director/ Chief Executive Officer meet regularly with senior management to consider the Group's financial performance, business initiatives and other management and corporate issues.
- There are regular Board meetings and Board papers are distributed in advance to all Board members who are entitled to receive and access all necessary and relevant information. Decisions of the Board are only made after the required information is made available and deliberated on by the Board. The Board maintains complete and effective control over the strategies and direction of the Group.
- The Audit Committee reviews the effectiveness of the Group's system of internal controls on behalf of the Board. The Audit Committee comprise of non-executive members of the Board, who are independent directors. The Audit Committee is not restricted in any way in the conduct of its duties and has unrestricted access to the internal and external auditors of the Company and to all employees of the Group. The Audit Committee is also entitled to seek such other third party independent professional advice deemed necessary in the performance of its responsibility.
- Review by the Audit Committee of internal control issues identified by the external and internal auditors and actions taken by Management in respect of the findings arising there from. The Internal Audit function reports directly to the Audit Committee. All findings are communicated to Management and the Audit Committee with recommendations for improvements and are followed up to confirm that all agreed recommendations are implemented. The Internal Audit Plan is structured on risk based approach and is reviewed and approved by the Audit Committee.
- Review of all proposals for material capital and investment opportunities by the management committee and approval for the same by the Board prior to expenditure being committed.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

## OTHER KEY INTERNAL CONTROL ELEMENTS (cont'd)

- There are sufficient reports generated in respect of the business and operating units to enable proper review of the operational, financials and regulatory environment. Management Accounts are prepared timely and on a monthly basis and is reviewed by the Group Managing Director and senior management.
- The professionalism and competency of staff are enhanced through a structured training and development program. A performance management system is in place with established key performance indicators to measure and review staff performance on an annual basis.
- In the course of conducting quarterly limited review and annual statutory audit, the external auditor will highlight any significant audit, accounting and internal controls matters which require attention to the Board and Audit and Risk Management Committee. At least once a year, the Audit and Risk Management Committee shall meet the external auditor without the Executive Directors and management being present. This year, the Audit Committee met once with the external auditor without the Executive Directors and management being present.

## REVIEW BY BOARD

The Board considered the risk management and internal control process in the Group during the financial year to be adequate and effective.

A review on the adequacy and effectiveness of the risk management and internal controls systems has been undertaken based on information from:

- Management within the organisation responsible for the development and maintenance of the risk management and internal control framework;
- Assessments of major business units and functional controls by respective management to complement the above input in providing a holistic view on the effectiveness of the Group's risk and control framework; and
- The work by the internal audit function which submitted the Internal Audit Plan document highlighting the key processes, which have been defined based on the Risk Profile of the Group, and Internal Audit reports to the Audit and Risk Management Committee together with recommendations for improvement.

The Audit and Risk Management Committee will address and monitor the implementation of key action plans and any internal control weakness and ensure continuous process improvement. During the financial year under review, a number of improvements to internal controls were identified and addressed. There have been no significant weaknesses noted which have resulted in any material losses.

The Board has also received assurance from the Group Managing Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board considers the system of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. As the development of an efficient system of internal controls is an ongoing process, the Board and management maintain an ongoing commitment to continue taking appropriate measures to strengthen the risk management and internal control environment of the Group.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide (“RPG”) 5 issued by the Malaysian Institute of Accountants (“MIA”) for inclusion in the annual report of the Group for the financial year ended 31 December 2013, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and effectiveness of risk management and internal controls within the Group.

RPG 5 does not require the external auditors to consider whether the Director’s Statement on Risk Management and Internal Control covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system including the assessment and opinion by the Directors and management thereon. RPG 5 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant matters disclosed in the Annual Report will, in fact, mitigate the risks identified or remedy the potential problems.

# STATEMENT OF RESPONSIBILITY BY DIRECTORS

## **IN RESPECT OF THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS**

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia and the MMLR of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2013, and of the results of their operations and cash flows for the year ended on that date.

In preparing the annual audited financial statements, the Directors have applied the appropriate and relevant accounting policies on a consistent basis; made judgments and estimates that are reasonable and prudent; and prepared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

# FINANCIAL STATEMENTS

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# INDEPENDENT AUDITORS' REPORT

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Matrix Concepts Holdings Berhad, which comprise the statements of financial position as at 31st December, 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 70 to 116.

### Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Malaysian Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Malaysian Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31st December, 2013 and of their financial performance and cash flows for the year then ended.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.



# INDEPENDENT AUDITORS' REPORT

(cont'd)

## Other Matters

The supplementary information set out on page 116 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



.....  
**WONG WENG FOO & CO.**  
AF: 0829  
CHARTERED ACCOUNTANTS



.....  
**ABD HALIM BIN HUSIN**  
2095/12/14 (J)  
CHARTERED ACCOUNTANT

SEREMBAN  
Date this: 11 APRIL 2014

# DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31st December, 2013.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary companies are disclosed in Note 3 to the financial statements.

The principal activity of the Company in the course of the financial year remained unchanged. The principal activities of the subsidiary companies in the course of the financial year remained unchanged, save as disclosed otherwise in Note 3 to the financial statements.

## LISTING OF THE COMPANY'S SHARES ON THE BURSA MALAYSIA SECURITIES BERHAD

This Company was admitted to the official list of the Main Market of the Bursa Malaysia Securities Berhad and official quotation of its entire enlarged and paid-up share capital commenced on 28th May, 2013.

	Group RM	Company RM
Total comprehensive income	151,562,667	77,371,029
Retained profit brought forward	290,529,170	204,736,980
Profit available for appropriation	442,091,837	282,108,009
Bonus issue	(186,399,060)	(186,399,060)
1st Interim dividend of 13.5%, less income tax 25% paid on 8th July, 2013	(30,374,999)	(30,374,999)
2nd Interim dividend of 7%, less income tax 25% paid on 10th October, 2013	(15,776,470)	(15,776,470)
3rd Interim single tier dividend of 5% and a special dividend of 5% declared on 31st December, 2013 and payable on 13th January, 2014	(30,117,324)	(30,117,324)
Retained profit carried forward	179,423,984	19,440,156

## DIVIDENDS

Since the end of the previous financial year, the Company had declared interim dividends in respect of the financial year ended 31st December, 2013 as follows:-

	RM
1st Interim dividend of 13.5%, less income tax of 25% paid on 8th July 2013	30,374,999
2nd Interim dividend of 7%, less income tax of 25% paid on 10th October, 2013	15,776,470
3rd Interim single tier dividend of 5% and a special dividend of 5% declared on 31st December, 2013 and payable on 13th January, 2014	30,117,324

# DIRECTORS' REPORT

(cont'd)

## DIVIDENDS (cont'd)

Subsequent to the statement of financial position date, on 25th February, 2014, the directors declared a 4th interim single tier dividend of 5% in respect of financial year ended 31st December, 2013 to be paid on 11th April 2014. The directors do not recommend a final dividend to be paid for the financial year ended 31st December, 2013.

## RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

## ISSUE OF SHARES OR DEBENTURES

During the financial year, the issued and fully paid up share capital of the Company was increased from RM51,100,940 to RM301,173,200 as follows:-

- a) 186,399,060 new ordinary shares of RM1 each at par by capitalisation of the retained profit account by way of bonus issue, in proportion of 3.65 new ordinary shares for every 1 existing ordinary shares held on 18th March, 2013;
- b) Public offer allotments at RM1.00 each per new ordinary shares for cash of 62,500,000 new ordinary shares of RM1.00 each allotted on 23rd May, 2013; and
- c) Employees' share option scheme allotments at RM1.00 each per new ordinary shares for cash of,
  - i) 96,000 new ordinary shares of RM1.00 each allotted on 8th July, 2013;
  - ii) 48,000 new ordinary shares of RM1.00 each allotted on 16th July, 2013;
  - iii) 209,600 new ordinary shares of RM1.00 each allotted on 29th July, 2013;
  - iv) 60,000 new ordinary shares of RM1.00 each allotted on 28th August, 2013;
  - v) 90,600 new ordinary shares of RM1.00 each allotted on 17th September, 2013;
  - vi) 124,200 new ordinary shares of RM1.00 each allotted on 2nd October, 2013;
  - vii) 34,000 new ordinary shares of RM1.00 each allotted on 18th October, 2013;
  - viii) 42,200 new ordinary shares of RM1.00 each allotted on 8th November, 2013;
  - ix) 199,600 new ordinary shares of RM1.00 each allotted on 20th November, 2013;
  - x) 143,000 new ordinary shares of RM1.00 each allotted on 9th December, 2013;
  - xi) 91,200 new ordinary shares of RM1.00 each allotted on 16th December, 2013; and
  - xii) 34,800 new ordinary shares of RM1.00 each allotted on 23rd December, 2013.

The purpose of the above issues was meant to raise additional working capital for the Company, in conjunction of the floatation of the Company's shares on Bursa Malaysia Securities Berhad.

The new shares rank pari-passu with the then existing shares of the Company.

There were no issue of debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

The Company's Employee Share Options Scheme ("ESOS" or "Scheme") is governed by the By-Laws which were offered together with the Initial Public Offering of the Company.

The salient features of the ESOS are set out in Note 15 to the financial statements.

# DIRECTORS' REPORT

(cont'd)

## OPTIONS GRANTED OVER UNISSUED SHARES (cont'd)

The movements of the options over the unissued ordinary shares of RM1.00 each in the Company granted under the ESOS during the financial year are as follows:

Date of period	Exercise offer	Exercise price per share RM	Number of options over ordinary shares of RM1.00 each			Balance at 31.12.2013
			Balance at 1.1.2013	Granted	Exercised	
6.5.2013	1.7.2013	2.20	-	1,717,800	1,173,200	544,600
6.5.2013	7.2.2014	2.20	-	1,717,800	-	1,717,800
6.5.2013	2.1.2015	2.20	-	1,790,400	-	1,790,400
			-	5,226,000	1,173,200	4,052,800

Exercise date	Fair value of shares issue date	Excised price	Numbers of shares issued 2013
	RM1 share RM	RM1 share RM	
8.7.2013	2.60	2.20	96,000
16.7.2013	2.58	2.20	48,000
29.7.2013	2.66	2.20	209,600
28.8.2013	2.55	2.20	60,000
17.9.2013	2.71	2.20	90,600
2.10.2013	2.89	2.20	124,200
18.10.2013	2.92	2.20	34,000
8.11.2013	2.90	2.20	42,200
20.11.2013	3.20	2.20	199,600
9.12.2013	3.30	2.20	143,000
16.12.2013	3.55	2.20	91,200
23.12.2013	3.88	2.20	34,800
			1,173,200

Proceeds received on exercise of the above shares options

**2013**  
**RM**  
2,581,040

# DIRECTORS' REPORT

(cont'd)

## OPTIONS GRANTED OVER UNISSUED SHARES (cont'd)

Eligible directors/employees who have been granted options of 200,000 and above ordinary shares of RM1.00 each pursuant to the ESOS during the financial year, as disclosed below:

Name	Number of options of 200,000 and above ordinary shares of RM1.00 each
Dato' Haji Mohamad Haslah Bin Mohamad Amin	200,000
Dato' Lee Tian Hock	200,000
Ho Kong Soon	200,000

## BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of impairment of receivables and are satisfied that there are no known bad debts or impairment of receivables.

At the date of this report, the directors are not aware of any circumstances that would necessitate the writing of bad debts or the making of impairment of receivables.

## CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

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

## VALUATION METHODS

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

## CONTINGENT AND OTHER LIABILITIES

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

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

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

# DIRECTORS' REPORT

(cont'd)

## CHANGE OF CIRCUMSTANCES

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

## ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## DIRECTORS OF THE COMPANY

The directors who served since the date of the last report and the details of their shareholdings in the Company and related corporations during the financial year ended 31st December, 2013 are as follows:-

The Company	----- No of Ordinary Shares of RM1 Each -----				
	Balance at 1.1.2013	Bought	Sold	Balance at 31.12.2013	*Deemed interest
Dato' Haji Mohamad Haslah					
Bin Mohamad Amin	-	210,000	-	210,000	-
Dato' Lee Tian Hock	13,745,411	50,138,641	(4,000,000)	59,884,052	75,547,370
Ho Kong Soon	1,494,676	5,512,076	(32,400)	6,974,352	15,331,220
Dato' Firdaus Muhammad					
Rom Bin Harun	-	180,000	(100,000)	80,000	-
Rezal Zain Bin Abdul Rashid	-	150,000	(50,000)	100,000	-
Dato' (Ir.) Batumalai A/L Ramasamy	-	180,000	-	180,000	-
Salmah Binti Sharif (Appointed on 19.11.2013)	-	-	-	-	-

\* Deemed interest held in corporations pursuant to Section 6A(4) of Companies Act 1965 and deemed interest held via spouse pursuant to Section 134(12)(c) of Companies Act 1965.

By virtue of his deemed major shareholdings in the Company, Dato' Lee Tian Hock is also deemed interested in the shares of the subsidiary companies to the extent the Company has an interest.

# DIRECTORS' REPORT

(cont'd)

## DIRECTORS' BENEFITS

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

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

## AUDITORS

The auditors, Messrs. Wong Weng Foo & Co., have expressed their willingness to continue in office.

Signed on behalf of the Board of directors in accordance with a resolution dated 11 APRIL 2014



.....  
**DATO' LEE TIAN HOCK**  
Director



.....  
**HO KONG SOON**  
Director

SEREMBAN

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 31ST DECEMBER 2013

	Note	2013 RM	2012 RM
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	11,891,261	11,516,977
Investment	4	15,000,000	-
Investment in properties	5	67,672,995	1,400,000
Development properties	6.1	38,232,139	30,313,979
Deferred income tax assets	7	5,682,810	2,016,630
Goodwill arising on consolidation	8	1	1
		138,479,206	45,247,587
<b>Current Assets</b>			
Development properties in progress	6.2	497,230,475	373,764,536
Inventories	9	773,304	2,401,004
Trade receivables	10	116,150,865	101,039,673
Amount due from customers for construction contracts	11	14,682,748	18,817,624
Other receivables, deposits and prepayments	12	30,103,748	15,125,165
Deposits, cash and bank balances	14	100,968,926	30,727,042
		759,910,066	541,875,044
<b>Total Assets</b>		898,389,272	587,122,631
<b>EQUITY</b>			
Share capital	15	301,173,200	51,100,940
Reserves	16	249,855,012	290,832,025
<b>Shareholders' Equity</b>		551,028,212	341,932,965
Non-controlling Interest		1	1
<b>Total Equity</b>		551,028,213	341,932,966



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2013 (cont'd)

	Note	2013 RM	2012 RM
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Hire-purchase payables	17	126,653	288,196
Term loans	18	10,916,186	17,574,636
		11,042,839	17,862,832
<b>Current Liabilities</b>			
Trade payables		114,056,330	48,037,932
Progress billings		12,052,151	14,005,110
Retention sums		454,393	485,761
Other payables, deposits and accruals	19	119,963,849	127,634,066
Amount due to directors	20	-	8,000,000
Amount due to customers for construction contracts	11	112,885	12,611,217
Hire-purchase payables	17	216,098	581,613
Dividend payable		30,117,324	-
Term loans - current portion	18	7,438,508	3,564,729
Bank overdrafts	18	32,177,005	333,127
Current income tax liabilities		19,729,677	12,073,278
		336,318,220	227,326,833
<b>Total Liabilities</b>		347,361,059	245,189,665
<b>Total Equity and Liabilities</b>		898,389,272	587,122,631

The attached notes form an integral part of the Financial Statements

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2013

	Note	2013 RM	2012 RM
<b>REVENUE</b>		573,500,861	456,069,014
<b>CONTRACT EXPENDITURE</b>		(324,505,085)	(263,340,776)
<b>GROSS PROFIT</b>		248,995,776	192,728,238
<b>OPERATING AND ADMINISTRATIVE EXPENSES</b>		(47,344,455)	(49,605,652)
<b>OTHER OPERATING INCOME</b>		4,776,606	653,589
<b>FINANCE COSTS</b>	21	(1,376,503)	(1,012,151)
<b>PROFIT BEFORE INCOME TAX</b>	21	205,051,424	142,764,024
<b>INCOME TAX</b>	22	(53,488,757)	(39,279,028)
<b>PROFIT AFTER INCOME TAX</b>		151,562,667	103,484,996
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		151,562,667	103,484,996
<b>ATTRIBUTABLE TO:</b>			
<b>EQUITY HOLDERS OF THE COMPANY</b>		151,562,667	103,484,996
<b>NON-CONTROLLING INTERESTS</b>		-	-
		151,562,667	103,484,996
<b>EARNINGS PER SHARE (RM)</b>	23		
<b>- Basic</b>		0.55	0.44
<b>- Diluted</b>		0.54	0.44

The attached notes form an integral part of the Financial Statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31ST DECEMBER 2013

	Share Capital (Note 15) RM	Share Premium (Note 16) RM	Option reserve (Note 16) RM	Capital reserve account (Note 16) RM	Retained profits (Note 16) RM	Non- controlling Interests RM	Total RM
At 1st January, 2012	51,100,940	-	-	302,855	186,225,146	1	237,628,942
Adjustment on proposed dividend	-	-	-	-	819,028	-	819,028
Total comprehensive income	-	-	-	-	103,484,996	-	103,484,996
At 31st December, 2012/ 1st January, 2013	51,100,940	-	-	302,855	290,529,170	1	341,932,966
Bonus issue	186,399,060	-	-	-	(186,399,060)	-	-
Public issue	62,500,000	75,000,000	-	-	-	-	137,500,000
Option reserve of employees' share option scheme	-	-	1,403,976	-	-	-	1,403,976
Employees' share option scheme	1,173,200	1,912,316	(504,476)	-	-	-	2,581,040
Listing expenses	-	(7,683,643)	-	-	-	-	(7,683,643)
1st Interim dividend of 13.5%, less income tax 25% paid on 8th July, 2013	-	-	-	-	(30,374,999)	-	(30,374,999)
2nd Interim dividend of 7%, less income tax 25% paid on 10th October, 2013	-	-	-	-	(15,776,470)	-	(15,776,470)
3rd Interim single tier dividend of 5% and a special dividend of 5% declared on 31st December, 2013 and payable on 13th January, 2014	-	-	-	-	(30,117,324)	-	(30,117,324)
Total comprehensive income	-	-	-	-	151,562,667	-	151,562,667
At 31st December, 2013	301,173,200	69,228,673	899,500	302,855	179,423,984	1	551,028,213

The attached notes form an integral part of the Financial Statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013 RM	2012 RM
<b>Cash Flows From Operating Activities</b>		
Profit before income tax	205,051,424	142,764,024
Adjustments for:-		
Depreciation	2,655,177	2,338,382
Option reserve	1,403,976	-
Interest income	(3,865,772)	(437,989)
Interest expense	1,721,512	1,545,302
Gain on disposal of property, plant & equipment	(62,756)	(64,000)
Operating profit before working capital changes	206,903,561	146,145,719
Decrease/(Increase) in inventories	1,627,700	(1,638,738)
Increase in development properties	(7,918,160)	(69,754)
Increase in development properties-in-progress	(123,465,939)	(28,030,873)
Increase in receivables	(40,823,340)	(33,755,256)
Increase/(Decrease) in payables	35,752,636	(7,784,854)
Cash generated from operations	72,076,458	74,866,244
Interest received	3,865,772	437,989
Interest paid	(1,721,512)	(1,545,302)
Tax paid	(42,023,697)	(39,163,237)
Tax refunded	7,506,486	20,000
Net cash provided by operating activities	39,703,507	34,615,694
<b>Cash Flows From Investing Activities</b>		
Purchase of investment properties	(66,272,995)	-
*Purchase of property, plant & equipment	(3,016,705)	(2,848,502)
Purchase of unit trusts	(15,000,000)	-
Proceeds from disposal of property, plant & equipment	140,000	64,000
Net cash used in investing activities	(84,149,700)	(2,784,502)

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2013 (cont'd)

	2013 RM	2012 RM
<b>Cash Flows From Financing Activities</b>		
Dividends paid	(46,151,469)	(20,132,357)
Proceeds from issue of shares	140,081,040	-
Listing expenses	(7,683,643)	-
Proceeds from term loans	-	11,000,000
Repayment of term loans	(2,784,671)	(5,602,770)
Hire-purchase instalments paid	(617,058)	(665,097)
Net cash provided by/(used in) financing activities	82,844,199	(15,400,224)
<b>Net changes in cash &amp; cash equivalents</b>	38,398,006	16,430,968
<b>Cash &amp; cash equivalents brought forward</b>	30,393,915	13,962,947
<b>Cash &amp; cash equivalents carried forward (Note 24)</b>	68,791,921	30,393,915

\* Property, plant and equipment at aggregate cost of RM3,106,705 (2012 – RM2,848,502) was acquired during the financial year of which RM90,000 (2012 - Nil) was acquired by means of hire-purchase.

# STATEMENT OF FINANCIAL POSITION

## AS AT 31ST DECEMBER 2013

	Note	2013 RM	2012 RM
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Investment in subsidiary companies	3	34,933,912	34,258,912
Investment	4	15,000,000	-
		49,933,912	34,258,912
<b>Current Assets</b>			
Other receivables & deposit	12	34,500	16,941,088
Amount due from subsidiary companies	13	338,309,201	75,822,811
Dividend receivable		18,000,000	191,053,500
Deposits, cash and bank balances	14	79,526,826	7,675,457
		435,870,527	291,492,856
<b>Total Assets</b>		485,804,439	325,751,768
<b>EQUITY</b>			
Share capital	15	301,173,200	51,100,940
Reserves	16	89,871,184	205,039,835
<b>Total Equity</b>		391,044,384	256,140,775
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Deferred income tax liabilities		-	15,339,500
		-	15,339,500
<b>Current Liabilities</b>			
Other payables and accruals	19	691,772	528,506
Amount due to subsidiary companies	13	63,514,676	53,734,087
Dividend payable		30,117,324	-
Bank overdrafts		56,786	-
Current income tax liabilities		379,497	8,900
		94,760,055	54,271,493
<b>Total Liabilities</b>		94,760,055	69,610,993
<b>Total Equity and Liabilities</b>		485,804,439	325,751,768

The attached notes form an integral part of the Financial Statements

# STATEMENT OF COMPREHENSIVE INCOME

	Note	2013 RM	2012 RM
REVENUE		75,400,000	206,393,000
OPERATING AND ADMINISTRATIVE EXPENSES		(680,525)	(171,665)
OTHER OPERATING INCOME		3,497,026	87,201
PROFIT FROM OPERATIONS		78,216,501	206,308,536
FINANCE COST	21	(7,123)	(49,843)
PROFIT BEFORE INCOME TAX	21	78,209,378	206,258,693
INCOME TAX	22	(838,349)	(15,350,247)
PROFIT AFTER INCOME TAX		77,371,029	190,908,446
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		77,371,029	190,908,446

The attached notes form an integral part of the Financial Statements

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31ST DECEMBER 2013

	Share Capital (Note 15) RM	Share Premium (Note 16) RM	Option reserve (Note 16) RM	Capital reserve account (Note 16) RM	Retained profits (Note 16) RM	Total RM
At 1st January, 2012	51,100,940	-	-	302,855	13,009,506	64,413,301
Adjustment on proposed Dividend	-	-	-	-	819,028	819,028
Total comprehensive income	-	-	-	-	190,908,446	190,908,446
At 31st December 2012/ 1st January, 2013	51,100,940	-	-	302,855	204,736,980	256,140,775
Bonus issue	186,399,060	-	-	-	(186,399,060)	-
Public issue	62,500,000	75,000,000	-	-	-	137,500,000
Option reserve of employees' share option scheme	-	-	1,403,976	-	-	1,403,976
Employees' share option scheme	1,173,200	1,912,316	(504,476)	-	-	2,581,040
Listing expenses	-	(7,683,643)	-	-	-	(7,683,643)
1st Interim dividend of 13.5%, less income tax 25% paid on 8th July, 2013	-	-	-	-	(30,374,999)	(30,374,999)
2nd Interim dividend of 7%, less income tax 25% paid on 10th October, 2013	-	-	-	-	(15,776,470)	(15,776,470)
3rd Interim single tier dividend of 5% and a special dividend of 5% declared on 31st December, 2013 and payable on 13th January, 2014	-	-	-	-	(30,117,324)	(30,117,324)
Total comprehensive income	-	-	-	-	77,371,029	77,371,029
At 31st December, 2013	301,173,200	69,228,673	899,500	302,855	19,440,156	391,044,384

The attached notes form an integral part of the Financial Statements



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013 RM	2012 RM
<b>Cash Flows From Operating Activities</b>		
Profit before income tax	78,209,378	206,258,693
Adjustments for:-		
Option reserve	1,403,976	-
Dividend income	(75,400,000)	(206,393,000)
Interest income	(3,497,873)	(87,201)
Interest expense	7,123	49,843
Operating profit/ (loss) before working capital changes	722,604	(171,665)
(Increase)/ Decrease in receivables	(260,928,805)	20,934,839
Increase in payables	9,943,855	4,431,928
Cash (absorbed by)/ generated from operations	(250,262,346)	25,195,102
Tax paid	(458,249)	(1,847)
Dividend received	248,453,500	-
Interest received	3,497,873	87,201
Interest paid	(7,123)	(49,843)
Net cash provided by operating activities	1,223,655	25,230,613
<b>Cash Flows From Investing Activities</b>		
Investment in subsidiary companies	(675,000)	(1,599,902)
Purchase of unit trusts	(15,000,000)	-
Net cash used in investing activities	(15,675,000)	(1,599,902)
<b>Cash Flows From Financing Activities</b>		
Dividends paid	(46,151,469)	(20,132,357)
Proceeds from issue of shares	140,081,040	-
Listing expenses	(7,683,643)	-
Net cash provided by/ (used in) financing activities	86,245,928	(20,132,357)
<b>Net changes in cash &amp; cash equivalents</b>	71,794,583	3,498,354
<b>Cash &amp; cash equivalents brought forward</b>	7,675,457	4,177,103
<b>Cash &amp; cash equivalents carried forward (Note 24)</b>	79,470,040	7,675,457

The attached notes form an integral part of the Financial Statements

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following significant accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

### 1.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and the Companies Act, 1965 in Malaysia.

The preparation of financial statements in conformity with MFRSs and the Companies Act, 1965 in Malaysia requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported financial year. Although these estimates are based on the directors' best knowledge of current events and actions, actual results could differ from those estimates.

### 1.2 Standards Issued But Not Yet Effective

As at the date of authorisation of these financial statements, the following Standards, Amendments and Issues Committee ("IC") Interpretations have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company:

#### Effective for financial periods beginning on or after 1st January 2014

Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities</i>
Amendments to MFRS 127	<i>Investment Entities</i>
Amendments to MFRS 132	<i>Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities</i>
Amendments to MFRS 136	<i>Recoverable Amount Disclosures for Non- Financial Assets</i>
Amendments to MFRS 139	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>

#### Effective for financial periods beginning on or after 1st January 2015

Amendments to MFRS 9	<i>Financial Instruments</i>
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The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 1.3 Basis of Consolidation

The subsidiary companies have been consolidated using the merger method of accounting and in respect of subsidiary companies that do not qualify for merger method of accounting are consolidated using the acquisition method of accounting.

Under the merger method of accounting, the differences between the purchase consideration and nominal value of the share capital of the subsidiary companies acquired are taken to reserve arising from merger or deficit arising from merger. The deficit, if any, are written off against balances of capital reserve, share premium and retained profits in the financial statements of the subsidiary companies acquired.

Under the acquisition method of accounting the excess of the purchase price over the fair value of the net assets of subsidiaries at the dates of acquisition represents goodwill arising from consolidation while the shortfall represents reserve on consolidation. Goodwill and reserve arising from consolidation was amortised over a period of 5 years prior to 1st January, 2013. Goodwill arising subsequent to 1st January, 2012 will be tested for impairment annually whilst reserve on consolidation is taken immediately to statement of comprehensive income.

Leasehold land held by an indirect subsidiary company has been incorporated in the financial statements of the Group at a fair value representing the cost thereof to the Group.

Related companies transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

### 1.4 Property, Plant & Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

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

No depreciation is provided on freehold lands. Leasehold land of an indirect subsidiary company is amortised over its remaining lease.

Depreciation of other property, plant and equipment is calculated on a straight line method to write off the cost of the assets over their estimated useful lives at the following annual rates:-

Freehold buildings	2%
Leasehold buildings	2%
Office equipment, furniture & fittings	10% - 20%
Plant & machinery	10% - 12%
Motor vehicles	15%

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 1.4 Property, Plant & Equipment and Depreciation (cont'd)

Upon the disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

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

### 1.5 Investment

Investment in subsidiary companies, is stated at cost or at valuation. Where investment in subsidiary company is stated at valuation, the net increase in the aggregate amount arising from the revaluation is credited to capital reserve account as revaluation surplus. Allowance for impairment loss is made when, in the opinion of the directors, there is a permanent diminution in the value of the investment.

### 1.6 Associated Company

Associated company is defined as a company in which the Company has a long term equity interest of between 20% to 50% and is in a position to exercise significant influence over, and participate in, the financial and operating policy decisions of the associated company.

Investment in associated company is accounted for in the consolidated statement of comprehensive income by the equity method of accounting.

### 1.7 Investment Properties

Investment properties comprise houses and flats, school and clubhouse held for long term purposes and are valued at fair value. A gain or loss arising from a change in the fair value of investment properties is recognised in the statement of comprehensive income for the period in which it arises.

### 1.8 Development properties

Land and development expenditure consists of freehold lands and leasehold lands stated at cost and group cost and related development expenditure. Cost includes cost of land, all direct development properties cost and other related cost. Development properties expenditure of which significant work has been undertaken and are expected to be completed within the normal operating cycle of two to three years is classified as development properties in progress.

### 1.9 Inventories

Inventories of completed properties are valued at the lower of cost and net realisable value. Cost is determined on specific identification basis and includes construction costs and appropriate development overheads.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 1.10 Amount Due from/ to Customers for Construction Contracts

Amount due from customers for construction contracts is net amount of costs incurred plus recognised profits less the sum of recognised losses and progress billings for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings.

Amount due to customers for construction contracts is the net amount of costs incurred plus recognised profits less the sum of recognised losses and progress billings for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Cost includes direct materials, labour, sub-contract sum and attributable overheads paid or payable to date.

### 1.11 Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified and specific allowance is made for debts considered to be doubtful of collection. An estimate is made for doubtful debts based on a review of all outstanding amounts at the statement of financial position date.

### 1.12 Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

### 1.13 Share Capital

Ordinary shares are recorded at their nominal value and are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared or approved by shareholders at general meeting.

### 1.14 Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances and fixed deposits, net of outstanding bank overdrafts which have an insignificant risk of changes in value.

### 1.15 Hire-purchase

Property, plant and equipment acquired under hire-purchase agreements are capitalised in the financial statements and are depreciated in accordance with the policy set out in note 1.4 above. The corresponding outstanding obligations due under the hire-purchase after deducting finance charges are included as liabilities in the financial statements. Finance charges are charged to the statement of comprehensive income over the period of the plan so as to produce a constant periodical rate of charge on the remaining balance of the obligations for each accounting period.

### 1.16 Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition of property, plant and equipment and construction of development properties are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are charged to the statement of comprehensive income as an expense in the period in which they are incurred.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 1.17 Income Tax

Income tax on the profit for the year comprises current and deferred income tax assets or liabilities. Current income tax liabilities is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the statement of financial position date.

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

A deferred income tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred income tax asset is reviewed at each statement of financial position date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred income tax asset to be utilised, the carrying amount of the deferred income tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reduction will be reversed to the extent of the taxable profit.

### 1.18 Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

#### (i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 1.18 Financial Instruments (cont'd)

#### (i) Financial Assets (cont'd)

##### *-Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

##### *-Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

##### *-Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### *-Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 1.18 Financial Instruments (cont'd)

#### (ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

#### (iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

### 1.19 Impairment

#### (i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.



# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 1.19 Impairment (cont'd)

#### (ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

### 1.20 Employee Benefits

#### (i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non monetary benefits are accrued in the period in which the associated services are rendered by the employees of the Group and of the Company.

#### (ii) Post – employee benefits

##### Defined contribution plan

The Group's and the Company's contributions to the defined contribution plan ('Employee Provident Fund') are charged to the statement of comprehensive incomes in the period in which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

### 1.21 Provisions

Provisions for liabilities are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 1.22 Income Recognition

- i) Dividend income is recognised when the shareholders' rights to receive payment is established.
- ii) Income from development properties is recognised based on percentage of completion method on the net sale proceeds after discount extended, where the outcome of the development can be reliably estimated.
- iii) Income from contract revenue is recognised using the percentage of completion method. Income is apportioned using the ratio of actual costs incurred to the estimated total costs of the respective contracts in progress less any provision for foreseeable losses.
- iv) Income from sales of land are recognised when transfer of risks and rewards of ownership have been transferred to the buyer.
- v) Income from rental and administration fees are recognised on an accrual basis.

### 1.23 Revenue

Revenue of the Group represents sale of development properties, contract income, sales of land, rental and administration fees.

Revenue of the Company represents dividend income.

### 1.24 Significant Accounting Estimates and Assumptions

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

#### (i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 2. PROPERTY, PLANT AND EQUIPMENT

Group 2013	Balance at 1.1.2013 RM	Additions RM	(Disposals) RM	Balance at 31.12.2013 RM
<b>Cost</b>				
Freehold land & buildings	4,205,504	-	-	4,205,504
Leasehold lands & buildings	172,715	-	-	172,715
Office equipment, furniture & fittings	2,177,340	236,686	-	2,414,026
Plant & machinery	1,136,011	322,610	-	1,458,621
Motor vehicles	17,337,831	2,547,409	(308,976)	19,576,264
	25,029,401	3,106,705	(308,976)	27,827,130
<b>Accumulated Depreciation</b>				
	Balance at 1.1.2013 RM	Current depreciation RM	(Disposals) RM	Balance at 31.12.2013 RM
Freehold lands & building	459,571	67,914	-	527,485
Leasehold lands & buildings	24,670	1,762	-	26,432
Office equipment, furniture & fittings	1,581,559	192,928	-	1,774,487
Plant & machinery	393,436	136,650	-	530,086
Motor vehicles	11,053,188	2,255,923	(231,732)	13,077,379
	13,512,424	2,655,177	(231,732)	15,935,869
<b>Net Book Value</b>	<b>RM</b> 11,516,977			<b>RM</b> 11,891,261

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 2. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group 2012	Balance at 1.1.2012 RM	Additions RM	(Disposals) RM	Balance at 31.12.2012 RM
<b>Cost</b>				
Freehold land & buildings	4,205,504	-	-	4,205,504
Leasehold lands & buildings	172,715	-	-	172,715
Office equipment, furniture & fittings	2,164,464	12,876	-	2,177,340
Plant & machinery	374,456	761,555	-	1,136,011
Motor vehicles	15,647,946	2,074,071	(384,186)	17,337,831
	22,565,085	2,848,502	(384,186)	25,029,401
<b>Accumulated Depreciation</b>				
	Balance at 1.1.2012 RM	Current depreciation RM	(Disposals) RM	Balance at 31.12.2012 RM
Freehold lands & building	401,648	57,923	-	459,571
Leasehold lands & buildings	22,908	1,762	-	24,670
Office equipment, furniture & fittings	1,401,198	180,361	-	1,581,559
Plant & machinery	288,797	104,639	-	393,436
Motor vehicles	9,443,677	1,993,697	(384,186)	11,053,188
	11,558,228	2,338,382	(384,186)	13,512,424
<b>Net Book Value</b>	<b>RM</b> 11,006,857			<b>RM</b> 11,516,977

Included herein are motor vehicles of the Group at cost of RM2,661,590 (2012 - RM3,887,874) acquired under hire-purchase instalment plans.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 3. INVESTMENT IN SUBSIDIARY COMPANIES

Company	2013 RM	2012 RM
Unquoted shares		
- At cost	13,043,912	12,368,912
- At valuation	21,890,000	21,890,000
	34,933,912	34,258,912

The subsidiary companies, incorporated in Malaysia, are as follows:-

Name of Company	Effective Interest		Principal Activities
	2013 %	2012 %	
Pembinaan Juwasan Sdn. Bhd.	100	100	Project management
Matrix Concepts (Central) Sdn. Bhd. (formerly known as Superb Approach Sdn. Bhd.)	100	100	Property development
Riverine Projects Sdn. Bhd.	100	100	Property development
Matrix Global Education Sdn. Bhd. (formerly known as 1 Sendayan Education Sdn. Bhd.)	100	100	Provision of education services
Masuda Corporation Sdn. Bhd.	100	100	Property development
Matrix Concepts Sdn. Bhd.	100	100	Sales of land and property development
Seventech Sdn. Bhd.	100	100	Property development
MCHB Natro' Green Sdn. Bhd.	100	100	Landscape management
BSS Development Sdn. Bhd.	100	100	Sales of land and property development
MCHB Properties Sdn. Bhd.	100	100	Investment in properties
Matrix IBS Sdn. Bhd.	100	-	Dormant company
Insani Utama Sdn. Bhd.	100	-	Sales of land and property development

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 3. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

#### Subsidiaries of Pembinaan Juwasan Sdn. Bhd.

Name of Company	Effective Interest		Principal Activities
	2013 %	2012 %	
Juwasan Maju Sdn. Bhd.	100	100	Project Management and procurement of building materials
Juwasan Trading Sdn. Bhd.	100	100	Procurement of building materials

#### Subsidiaries of Masuda Corporation Sdn. Bhd.

Name of Company	Effective Interest		Principal Activities
	2013 %	2012 %	
MCHB Management Services Sdn. Bhd.	100	100	Provision of management and administration services
Insani Utama Sdn. Bhd.	-	100	Sales of land and property development

#### Subsidiaries of Matrix Concepts Sdn. Bhd.

Name of Company	Effective Interest		Principal Activities
	2013 %	2012 %	
Matrix Country Club Sdn. Bhd. (formerly known as 1 Sendayan Club Sdn. Bhd.)	100	100	Clubhouse operator
Kris Benua Sdn. Bhd.	100	100	Project management

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 4. INVESTMENT

<b>Group &amp; Company</b>	<b>2013 RM</b>	<b>2012 RM</b>
Financial assets at fair value through profit or loss		
Quoted unit trusts in Malaysia, at cost	15,000,000	-

## 5. INVESTMENT IN PROPERTIES

<b>Group</b>	<b>2013 RM</b>	<b>2012 RM</b>
Houses	1,400,000	1,400,000
School and clubhouse under construction	66,272,995	-
	67,672,995	1,400,000

The directors are of the opinion that the value of the above properties approximate to their fair values.

## 6. DEVELOPMENT PROPERTIES

### 6.1 Non-Current

<b>Group</b>	<b>2013 RM</b>	<b>2012 RM</b>
Land at cost	1,397,656	1,397,656
Land at group cost	21,889,998	21,889,998
Development cost	7,026,325	6,956,571
	30,313,979	30,244,225
Add: Cost incurred during the year		
Development cost	7,918,160	69,754
	38,232,139	30,313,979

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 6. DEVELOPMENT PROPERTIES (cont'd)

### 6.2 In Progress

Group	2013 RM	2012 RM
Land at cost	54,112,607	37,291,498
Development cost	319,651,929	308,442,165
	373,764,536	345,733,663
Add: Cost incurred during the year		
Land at cost	138,723,428	54,814,318
Development cost	310,871,744	277,793,411
Less: Cost recognised as expense in statement of comprehensive income	(326,129,233)	(304,576,856)
	497,230,475	373,764,536

The Company had entered into a shareholders cum joint venture agreement and supplemental agreements with the State Agency, Menteri Besar, Negeri Sembilan which is also the special shareholders of a subsidiary Company on 29th August, 2005, 15th February 2009 and 30th October, 2009, respectively, to develop a piece of land for housing and mixed development project ("the Development Land") of the subsidiary company.

Land cost incurred for the year ended 31st December, 2007, consist of a principal sum of RM250 million and interests thereon payable as agreed in respect of the above mentioned agreements plus provision of estimated incidental further cost necessarily to be incurred of approximately RM113,600,000 in respect of the above mentioned development project.

The Development Land shall remain vested and/ or registered under the name of the State Agency. The State Agency shall transfer or caused to be transferred the Development Land or any part or parts thereof to the subsidiary company or to the end purchaser(s) so nominated by the subsidiary company upon the full and final settlement of the Payment Sum together with all interest charge and other costs as set out in the Agreements save for such area of Development Land equating to 100 acres which shall be retained by the State Agency.



# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 7. DEFERRED INCOME TAX ASSETS/ (LIABILITIES)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Balance at 1st January	2,016,630	2,013,400	(15,339,500)	-
Transferred from/ (to) statement of comprehensive income (Note 22)	3,666,180	3,230	15,339,500	(15,339,500)
Balance at 31st December	5,682,810	2,016,630	-	(15,339,500)

## 8. GOODWILL ARISING ON CONSOLIDATION

Group	2013 RM	2012 RM
Goodwill arising an consolidation	18,144	18,144
Less: Accumulated amortization	(18,143)	(18,143)
Balance at 31st December	1	1

## 9. INVENTORIES

### Group

These comprise completed properties at cost.

## 10. TRADE RECEIVABLES

	2013 RM	2012 RM
Trade receivables	116,150,865	101,039,673

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 10. TRADE RECEIVABLES (cont'd)

The ageing analysis of the Group's trade receivables is as follows:-

Group	2013 RM'000	2012 RM'000
Neither past due nor impaired	73,791	63,344
Past due but not impaired:-		
- Past due 31 – 60 days	27,300	20,118
- Past due 61 – 90 days	9,785	11,389
- Past due more than 90 days	5,275	6,189
	42,360	37,696
	116,151	101,040

The normal credit terms given to customers are 14 days for commercial and industrial units while residential house buyers are given 21 working days credit term.

### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy trade receivables with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM 42,360,000 (2012 :RM37,696,000) that past due at the end of the reporting period but not impaired because there have been no significant changes in credit quality of the receivable and the amounts are still considered recoverable. The Group held the titles of properties sold prior to full settlements.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 11. AMOUNT DUE FROM/ (TO) CUSTOMERS FOR CONSTRUCTION CONTRACTS

Group	2013 RM	2012 RM
Contract cost incurred to date	31,266,949	31,308,398
Proportion of estimated profit accrued	7,015	-
	31,273,964	31,308,398
Less: Progress billings received and receivable	(16,704,101)	(25,101,991)
	14,569,863	6,206,407
Represented by:		
Amount due from customers for construction contracts	14,682,748	18,817,624
Amount due to customers for construction contracts	(112,885)	(12,611,217)
	14,569,863	6,206,407

## 12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Other receivables	9,255,024	12,817,944	30,000	32,415
Deposits	812,798	609,960	4,500	-
Prepayments	19,931,106	1,624,087	-	1,559,670
Tax recoverable	104,820	73,174	-	15,349,003
	30,103,748	15,125,165	34,500	16,941,088

Included in other receivables for the financial year ended 31st December, 2013 are amounts due from certain directors of certain subsidiary companies totalling Nil (2012 – RM28,000) which represents housing loans made to the full time executive directors of the subsidiary companies under Section 133 (1) of the Companies Act, 1965. The loan is repayable in 120 instalments and bears no interest.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 13. AMOUNT DUE FROM/ (TO) SUBSIDIARY COMPANIES

### Company

The amount due from/ (to) subsidiary companies is unsecured, interest free and have no fixed terms of repayment.

## 14. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Fixed deposits with licensed banks	80,707,753	5,154,664	78,072,807	2,596,696
Cash and bank balances	20,261,173	25,572,378	1,454,019	5,078,761
	100,968,926	30,727,042	79,526,826	7,675,457

The fixed deposits are pledged as securities for banking facilities for the Group and for the Company

The interest rate ranges and maturity periods of fixed deposits at the statement of financial position date were as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest rate ranges	2.95% - 3.15%	3.00% - 3.05%	2.95% - 3.15%	3.00%
Maturity periods	1 - 12 months	1 - 12 months	1 - 12 months	12 months

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 15. SHARE CAPITAL

Group and Company	2013		2012	
	Number of ordinary shares of RM1 each	RM	Number of ordinary shares of RM1 each	RM
Authorised:	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Issued and fully paid:				
Balance at 1st January	51,100,940	51,100,940	51,100,940	51,100,940
Bonus issue	186,399,060	186,399,060	-	-
Private placement	62,500,000	62,500,000	-	-
ESOS	1,173,200	1,173,200	-	-
Balance at 31st December	301,173,200	301,173,200	51,100,940	51,100,940

The Company's ESOS is governed by the By-Laws.

The principal features of ESOS are as follows:

- a) Scheme shall be in force for a period of five years commencing from 25th May 2013 ("Effective Date") ("Initial Five Years"), provided always that on or before the expiry thereof, the ESOS Committee shall have the sole and absolute discretion, without the Company's shareholders' approval in general meeting, to extend in writing the duration of the Scheme (as many times as the ESOS Committee may deem fit) for up to another five (5) years immediately from the expiry of the Initial Five Years provided always that the Scheme does not exceed a maximum period of ten (10) years in its entirety.
- b) The maximum number of new shares to be offered and allotted under ESOS shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company (excluding treasury shares) at any point of time when the ESOS Offer is made or any limit prescribed by any guidelines, rules and regulations of the relevant authorities during the duration of the Scheme. The Company will within the duration of the Scheme keep available sufficient unissued shares in the share capital of the Company to satisfy all outstanding Options.
- c) Subject to the discretion of the ESOS committee, any employee (including Executive Directors) of the Company and its subsidiary companies shall be eligible to participate in the Scheme if, as at the Date of Allocation, the employee or Executive Director:-
  - i) is a Malaysian citizen who has attained eighteen (18) years of age;
  - ii) must have been confirmed in service and have served at least continuously one (1) year in the employment of the Group (unless the ESOS committee under certain circumstances and at its sole discretion reduces the period of one (1) year to a lesser period as it deems fit) including service during probationary period and have been confirmed on the date of the ESOS offer;

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 15. SHARE CAPITAL (cont'd)

- iii) where the employee is under an employment contract, the contract is for a duration of at least one (1) year and shall have not expired within three (3) months from the date of ESOS Offer;
- iv) where the Executive Director is under an employment contract, the contract is for a duration of at least six (6) months and shall have not expired within three (3) months from the date of ESOS Offer; and
- v) must have complied with any other criteria imposed by the ESOS Committee from time to time;

Provided always that the selection of any Executive Director or Employee for participation in the Scheme shall be at the discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.

Any ESOS Offer, allocation of Options under the Scheme and the related allotment of shares to any person who is a Executive Director, major shareholder or chief executive officer of the Company, or holding company of the Company or persons connected to such Executive Director, major shareholders or chief executive officer shall require the prior approval of the shareholders of the Company in a general meeting. The foregoing persons and persons connected to them shall not vote on the resolution approving the said ESOS Offer, allocation and allotment.

- c) All new ordinary shares issued upon exercise of the options granted under ESOS will rank pari-passu in all respects with the existing ordinary shares of the Company except that the shares so issued will not be entitled to any dividends, rights allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares and will be subject to all the provisions of the Company's articles of association relating to transfer, transmission and otherwise of the shares.

The movements of the options over the unissued ordinary shares of RM1.00 each in the Company granted under the ESOS during the financial year are as follows:

Date of offer	Exercise period	Exercise price per share RM	Number of options over ordinary shares of RM1.00 each			
			Balance at 1.1.2013	Granted	Exercised	Balance at 31.12.2013
6.5.2013	1.7.2013	2.20	-	1,717,800	1,173,200	544,600
6.5.2013	7.2.2014	2.20	-	1,717,800	-	1,717,800
6.5.2013	2.1.2015	2.20	-	1,790,400	-	1,790,400
			-	5,226,000	1,173,200	4,052,800

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 15. SHARE CAPITAL (cont'd)

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a model with the following inputs:

Fair value of share options and assumptions	<b>2013</b>
Fair value at grant date	RM0.43
Exercise price	RM2.20
Option life	5 years

## 16. RESERVES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-distributable:-				
Capital reserve	302,855	302,855	302,855	302,855
Share premium	69,228,673	-	69,228,673	-
Option reserve	899,500	-	899,500	-
Distributable:-				
Retained profit	179,423,984	290,529,170	19,440,156	204,736,980
At 31st December	249,855,012	290,832,025	89,871,184	205,039,835

## 17. HIRE-PURCHASE PAYABLES

Group	2013 RM	2012 RM
Minimum payments		
- not later than 1 year	245,809	743,125
- later than 1 year and not later than 5 years	142,043	238,074
	387,852	981,199
Less: Future hire-purchase charges	(45,101)	(111,390)
Present value	342,751	869,809
Total payable	342,751	869,809
Less: Payable within 1 year	(216,098)	(581,613)
Payable after 1 year	126,653	288,196

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 17. HIRE-PURCHASE PAYABLES (cont'd)

The term for hire-purchase ranges from 3 - 6 (2012 : 3 - 6) years. In respect of the financial year ended 31st December, 2013, the borrowing rate ranges from 2.18% - 3.5% (2012 : 2.18% - 3.5%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangements.

## 18. TERM LOANS, BANK OVERDRAFTS AND OTHER CREDIT FACILITIES (SECURED)

Group	2013 RM	2012 RM
<b>Term loan I:</b> interest at 1.25% above the bank's base lending rate per annum, repayable by 180 monthly instalments (ie: 12 monthly instalments of RM320 each for the first year; 12 monthly instalments of RM345 each for the second year and 156 monthly instalment of RM369 each, commencing May 2000)	5,217	9,518
<b>Term loan II:</b> interest at 1.25% above the bank's base lending rate per annum, repayable by 60 equal monthly instalments of RM60,829 each commencing 16th November 2006	-	10,897
<b>Term loan III:</b> interest at rate of 1.00% above the bank's base lending rate per annum, repayable by 120 equal monthly instalments of RM60,005 each commencing 17th March, 2008.	2,515,620	3,023,114
<b>Term loan IV:</b> Interest at 1% above the bank's base lending rate per annum, repayable by 60 monthly instalments at RM58,770 each, commencing May 2010	388,420	991,111
<b>Term loan V:</b> interest at rate of 1.50% above the bank's base lending rate per annum, repayable by 60 monthly instalments comprising principal of RM25,000 plus interest commencing 31st July, 2009	226,498	528,612
<b>Term loan VI:</b> interest at rate of 1.50% above the bank's base lending rate per annum, repayable by 84 monthly instalments comprising principal of RM42,857 plus interest commencing 30th December, 2008	1,121,712	1,639,782
<b>Term loan VII:</b> interest at rate of 1.50% above the bank's base lending rate per annum, repayable by 84 equal monthly instalments of RM92,300 each commencing 30th March, 2009	2,919,922	3,771,963
<b>Term loan VIII:</b> interest at rate of 1.00% above the bank's base lending rate per annum, repayable by 120 equal monthly instalments of RM11,380 each commencing 1st January, 2010	177,305	164,368
<b>Term loan IX:</b> interest at rate of 0.25% above the bank's base finance rate per annum, repayable by 60 equal monthly instalments commencing on the first day of the 25th month from the date of first disbursement , i.e: July, 2014	11,000,000	11,000,000
	18,354,694	21,139,365



# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 18. TERM LOANS, BANK OVERDRAFTS AND OTHER CREDIT FACILITIES (SECURED) (cont'd)

	2013 RM	2012 RM
Repayment due:		
Within twelve months	7,438,508	3,564,729
Between 1 and 2 years	8,393,369	4,266,750
Between 2 and 5 years	2,522,817	10,007,872
After 5 years	-	3,300,014
	10,916,186	17,574,636
	18,354,694	21,139,365

The term loans, bank overdrafts and other credit facilities of the Group and the Company obtained from licensed banks are secured as follows:-

- (i) Facilities agreements;
- (ii) Legal charge over certain development properties and properties of certain subsidiary companies;
- (iii) Guaranteed jointly and severally by certain directors of the Company and of certain subsidiary companies;
- (iv) Pledge of fixed deposits of the Company and of certain subsidiary companies;
- (v) Corporate guarantee on principal sums plus interest thereon by the Company;
- (vi) The Government of Malaysia / Syarikat Jaminan Pembiayaan Perniagaan Berhad under Working Capital Guarantee Scheme up to RM2,400,000 of term loan VII;
- (vii) A specific debenture over certain charged properties of subsidiary companies; and
- (viii) Hibah Agreement between a third party and a subsidiary company, in relation to the charged properties of that subsidiary company, executed to facilitate the execution of Asset Sale Agreement and Asset Purchase Agreement.

Interest on bank overdrafts are charged at between 1.5% - 2% (2012 : 1.5% - 2%) above the banks' base lending rates.

## 19. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Other payables	2,443,856	1,959,594	219,004	211,006
Deposits	12,069,772	29,577,739	-	-
Accruals	105,450,221	96,096,733	472,768	317,500
	119,963,849	127,634,066	691,772	528,506

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 20. AMOUNT DUE TO DIRECTORS

### Group

The amount due to the directors represent unsecured advances and payments made on behalf by a director of the Company and certain directors of certain subsidiaries companies which have no fixed repayment terms bearing interest at 7.0% (2012 - 7.00%) per annum.

## 21. PROFIT BEFORE INCOME TAX

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before income tax is arrived at after charging/ (crediting):-				
Audit fees	495,500	440,600	80,000	45,000
Depreciation (Note 2)	2,655,177	2,338,382	-	-
Rental of premises	55,750	29,050	-	-
Rental of site office & lorry	-	25,109	-	-
Preliminary expenses written off	2,583	-	-	-
Sales gallery rental	124,530	60,000	-	-
Realised loss on foreign exchange	3,352	153	-	-
Rental of land	2,600	3,600	-	-
Staff costs				
Directors' remuneration & other emolument	8,719,850	8,748,750	58,100	8,500
Directors' fees	1,093,500	1,063,000	113,500	35,000
Salaries, bonus & allowances	17,636,134	16,899,944	-	-
EPF & Socso	3,362,687	2,627,454	-	-
Staff welfare, medical fees and other benefits	1,448,010	806,659	-	-
	32,260,181	30,145,807	171,600	43,500
Interest income				
- fixed deposits	(3,400,833)	(87,201)	(3,400,833)	(87,201)
- Bank interest received	(228,534)	(129,352)	(45,582)	-
- overdue interest received	(79,595)	(72,390)	-	-
- others	(105,352)	(149,046)	-	-
- unit trusts	(51,458)	-	(51,458)	-
	(3,865,772)	(437,989)	(3,497,873)	(87,201)

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 21. PROFIT BEFORE INCOME TAX (cont'd)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Dividend income	-	-	(75,400,000)	(206,393,000)
Rental income	(106,367)	(50,800)	-	-
Gain on disposal of property, plant and equipment	(62,756)	(64,000)	-	-
Interest expenses - included in cost of sales				
- term loans	345,009	533,151	-	-
Finance cost:				
Interest expense				
- bank overdrafts & term loans	1,308,327	881,575	7,123	49,843
- hire-purchase	68,176	78,028	-	-
- others	-	52,548	-	-
	1,376,503	1,012,151	7,123	49,843
Directors' remuneration is analysed as follows:				
<b>Directors of the Company</b>				
- fees	593,500	388,000	58,100	8,500
- salaries and other emoluments	6,848,100	6,466,500	113,500	35,000
<b>Other directors (on board of subsidiary companies)</b>				
- fees	453,000	675,000	-	-
- salaries and other emoluments	1,918,750	2,282,250	-	-

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 21. PROFIT BEFORE INCOME TAX (cont'd)

Group	2013		2012	
	Executive	Non-executive	Executive	Non-executive
The number of Directors of the Company whose remuneration fell within the following ranges (per annum) are:-				
RM50,000 and below	-	3	-	2
RM50,001 – RM100,000	-	1	-	-
RM450,001 – RM500,000	-	-	-	1
RM850,001 – RM900,000	-	1	-	-
RM2,700,001 – RM2,750,000	1	-	-	-
RM3,000,001 – RM3,050,000	-	-	1	-
RM3,350,001 – RM3,400,000	-	-	1	-
RM3,650,001 – RM3,700,000	1	-	-	-

## 22. INCOME TAX

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current income tax:				
Estimate for the year	58,290,051	39,280,800	16,178,500	8,900
(Over)/ Underprovision in prior years	(1,135,114)	1,458	(651)	1,847
	57,154,937	39,282,258	16,177,849	10,747
Deferred income tax:				
Transferred (to)/ from deferred income tax assets (Note 7)	(3,666,180)	(3,230)	(15,339,500)	15,339,500
	53,488,757	39,279,028	838,349	15,350,247

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 22. INCOME TAX (cont'd)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Reconciliation of effective tax rate:-				
Profit/ (Loss) before income tax	205,051,424	142,764,024	78,209,378	206,258,693
Income tax using Malaysian tax rate of 25%	51,262,856	35,691,006	19,552,345	51,564,673
Tax at source	-	-	15,339,500	-
Non-deductible expenses for tax purposes	7,651,239	4,082,774	160,469	42,449
Current year tax losses unutilized	101,916	78,829	-	-
Non taxable income	-	-	(18,874,048)	(51,598,250)
Balancing charges	19,236	6,566	-	-
Deferred tax assets not recognized	(106,771)	(72,573)	-	-
Unabsorbed tax losses and capital allowances utilized	(739,432)	(654,168)	-	-
Increase in unabsorbed tax losses	101,912	72,573	-	-
Other items	(906)	75,793	234	28
Transferred (from)/ to deferred income tax assets	(3,666,180)	(3,230)	(15,339,500)	15,339,500
	54,623,870	39,277,570	839,000	15,348,400
(Over)/ Underprovision in prior years	(1,135,113)	1,458	(651)	1,847
Total tax expense	53,488,757	39,279,028	838,349	15,350,247

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 23. EARNINGS PER SHARE

### Basic

Basic earnings per share is calculated by dividing the profit after income tax by the weighted average number of ordinary shares in issue during the financial year.

	2013 RM	Group 2012 RM
Profit attributable to the equity holders of the Company	151,562,667	103,484,996
Weighted average number of ordinary shares in issue	275,114,786	237,500,000
Basic earnings per share (RM)	0.55	0.44

### Fully diluted

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

The dilutive potential ordinary shares for the year of the Group and of the Company are share options granted to employees.

Share options are deemed to have been converted into ordinary shares at the beginning of the year or on the date when the options were granted whichever is the later.

	2013 RM	Group 2012 RM
Profit attributable to the equity holders of the Company	151,562,667	103,484,996
Weighted average number of ordinary shares in issue	275,114,786	237,500,000
Adjustment for assumed exercise of share options	4,052,800	-
Adjusted weighted average number of ordinary shares in issue and issueable	279,167,586	237,500,000
Diluted earnings per share (RM)	0.54	0.44

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash and cash equivalents presented in statement of cash flows:				
Cash and bank balances	20,261,173	25,572,378	78,072,807	5,078,761
Fixed deposits with licensed banks	80,707,753	5,154,664	1,454,019	2,596,696
Bank overdrafts	(32,177,005)	(333,127)	(56,786)	-
	68,791,921	30,393,915	79,470,040	7,675,457

## 25. RELATED PARTY TRANSACTIONS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Transaction with subsidiaries:-				
Dividend income	-	-	75,400,000	206,393,000
Transactions with other related parties:-				
Interest capitalised in property development-in-progress				
- a director of the Company	-	708,055	-	-
- persons connected to directors of the Company	-	226,877	-	-
Purchases of building materials and sub-contract charges from corporations connected to directors of the Company and of certain subsidiary companies	51,991,952	33,576,075	-	-

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 25. RELATED PARTY TRANSACTIONS (cont'd)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Rental paid to				
- a corporation connected to a director of the Company	60,000	60,000	-	-
- a person connected to a director of a subsidiary company	24,000	24,000	-	-
Sale and purchase agreements entered into, net of discounts, with				
- directors of the Company	-	(1,349,860)	-	-
- persons connected to a director of the Company	(5,352,418)	(200,000)	-	-

## 26. COMMITMENTS

### Group

The commitments incurred by certain subsidiary companies of the Company are as follows:-

#### 26.1 Riverine Projects Sdn. Bhd. ("Riverine")

- i) Riverine had entered into a joint venture with a Landowner to develop a piece of land for housing and mixed development projects. Riverine had undertaken to be wholly responsible for the resettlement of Orang Asli's residing on the said land.
- ii) On 21st July, 2012, the Company entered into a Coordination Agreement with a director of Riverine and a third party individual ("Coordinators"), for assistance and coordination in various matters relating to the abovementioned project.

Under the agreement, a sum of RM200,000 was paid to the Coordinators upon the execution of the agreement and the remaining sum of RM1,800,000 shall be paid progressively as set out in the agreement.

#### 26.2 Matrix Concepts Sdn. Bhd. ("Matrix")

- i) Matrix has entered into a joint-venture with a Landowner to develop a piece of land for mixed development project.

Under the joint venture agreement dated 14th May, 2005 and supplementary agreement dated 5th April, 2008, 2nd March, 2009, 13th July, 2012 and 10th November, 2013, the Landowner is entitled to a total consideration of RM108,000,000 to be paid progressively as set out in the agreement. As at 31st December, 2013, a sum of RM80.7 million has been paid.



# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 26. COMMITMENTS (cont'd)

### 26.2 Matrix Concepts Sdn. Bhd. ("Matrix") (cont'd)

- ii) Matrix had on 26th January, 2012 entered into a joint venture agreement with Restu Pertiwi Sdn. Bhd. for the assignment of all Restu Pertiwi Sdn. Bhd's rights, title, interest and liability arising from a joint venture agreement between Menteri Besar, Negeri Sembilan (Incorporated) and Restu Pertiwi Sdn. Bhd. dated 26th January, 2012, for the development of land measuring approximately 42 acres in Pekan Paroi Jaya, District of Seremban, Negeri Sembilan. Resulting from the said joint venture agreement, Matrix is liable to pay Menteri Besar, Negeri Sembilan (Incorporated) a sum of RM9,500,000. As at 31st December, 2013, no payment has been made.
- iii) Matrix had on 8th July, 2013 entered into a sale and purchase agreement with Koperasi Sendayan Labu Seremban Berhad (formerly known as Koperasi Peneroka-Peneroka Rancangan Felcra Sendayan Labu Berhad) for the an acquisition of a piece of freehold agriculture land held under HS(D) 176671, PT 17805, Mukim of Labu, Seremban, Negeri Sembilan measuring approximately 95.9 hectares for a cash consideration of approximately RM47,469,074. 10% deposits was paid upon signing of this sale and purchase agreement and full settlement was made on 2nd April, 2014. The title is in the midst of being transferred.

### 26.3 Juwasan Maju Sdn. Bhd. ("Juwasan")

- i) Juwasan had on 1st June, 2013, signed a contract for constructing of the Group private and international schools (Matrix Global School) phase 1 with Asia Baru Sdn. Bhd. for a total consideration of RM80,000,000. As at 31st December, 2013, a sum of RM6.225 million had been constructed.

## 27. CONTINGENT LIABILITIES

Company	2013 RM	2012 RM
Corporate guarantees given to financial institutions and third parties for facilities granted to certain subsidiary companies - utilised as at 31st December	62,890,033	29,220,984

## 28. SEGMENTAL INFORMATION

The Group is principally engaged in the construction and sale of development properties solely in Malaysia. Accordingly segmental information has not been presented.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 29. LITIGATION

The Group and the Company do not have any material litigation.

## 30. FINANCIAL RISK MANAGEMENT POLICIES

### (a) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risk, including foreign currency exchange risk, interest rate risk, market risk, credit risk, liquidity and cash flow risk. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not trade in financial derivatives.

#### (i) Foreign currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by subsidiaries in currencies other than their functional currency. These companies did not use any derivative financial instrument during the financial year to limit their exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

#### (ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits and is managed through the use of floating rate debts.

Sensitivity analysis for interest rate risk:-

As at 31st December 2013, if interest rates at the date had been 100 basis points lower with all other variables held constant, profit before income for the year would have been RM215,189 (2012 : RM190,163) higher and vice versa.

#### (iii) Market risk

For key product and asset purchases, the Group negotiates with suppliers on the acceptable price levels including quantity discounts and enters into physical supply agreements, where necessary, to achieve these levels.

The Group does not use any derivative financial instrument to limit its exposure from changes in the price of quoted investment outside Malaysia.

#### (iv) Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group seeks to invest cash assets safely and profitably. It also seeks to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers with an appropriate credit history. The Group considers the risk of material loss in the event of nonperformance by a financial counterparty to be unlikely.

The Group have no significant concentration of credit risk except that the majority of its deposits are placed with major financial institutions in Malaysia. In addition, the Group have given financial guarantees to its trade customers and the Company has also given corporate guarantees to subsidiaries for banking facilities.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 30. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

### (a) Financial risk management objectives and policies (cont'd)

#### (v) Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

### b) Classification of Financial Instruments

#### i) Classification of financial instruments is as follows:

Group	2013 RM'000	2012 RM'000
<b>FINANCIAL ASSETS</b>		
<b>Loans and receivables financial assets</b>		
Trade receivables	116,150,865	101,039,673
Amount due from customers for construction contracts	14,682,748	18,817,624
Other receivables, deposits and prepayments	30,103,748	15,125,165
Deposits, cash and bank balances	100,968,926	30,727,042
	261,906,287	165,709,504

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 30. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

### b) Classification of Financial Instruments (cont'd)

#### i) Classification of financial instruments is as follows: (cont'd)

Group	2013 RM'000	2012 RM'000
<b>FINANCIAL LIABILITIES</b>		
<b>Other financial liabilities</b>		
Trade payables	114,056,330	48,037,932
Progress billings	12,052,151	14,005,110
Retention sums	454,393	485,761
Other payables, deposits and accruals	119,963,849	127,634,066
Amount due to directors	-	8,000,000
Amount due to customers for construction contracts	112,885	12,611,217
Hire-purchase payables	342,751	896,809
Dividend payable	30,117,324	-
Term loans	18,354,694	21,139,365
Bank overdrafts	32,177,005	333,127
	327,631,382	233,143,387

#### ii) Net gains and losses arising from financial instruments

Group	2013 RM	2012 RM
Net gains/ (losses) arising from:		
Loans and receivables	3,865,772	437,989
Other financial liabilities	(1,721,512)	(1,545,302)
	2,144,260	(1,107,313)

### c) Fair values

The carrying amounts of financial assets and liabilities of the Group and the Company at the statements of financial position date approximated their fair values.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 31. CAPITAL MANAGEMENT

### Group

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as trade and other payables.

During the year, no significant changes were made in the objectives, policies or processes for managing capital.

The debts-to-equity ratio at the reporting date was as follows:

	2013 RM	2012 RM
<b>Debts</b>		
Trade and other payables	327,631,382	233,143,387
<b>Capital</b>		
Total Equity	551,028,213	341,932,966
Debts-to-equity	0.59	0.68

## 32. SIGNIFICANT EVENT OF THE COMPANY

This Company was admitted to the official list of the Main Market of the Bursa Malaysia Securities Berhad and official quotation of its entire enlarged and paid-up share capital commenced on 28th May, 2013.

## 33. SUBSEQUENT EVENT

Subsequent to statement of financial position date:-

- i) On 29 January 2014, a new ESOS 1/2014 was established to be offered to the eligible directors and employees of the Group. 7,183,000 number of this new ESOS option shares had been granted to the eligible directors and employees of the Group as at the date of this report.
- ii) On 25th February, 2014, the directors declared a 4th interim single tier dividend of 5% amounting to RM15,147,845 in respect of financial year ended 31st December, 2013 to be paid on 11th April 2014.
- iii) Further ESOS option shares of 1,816,700 shares had been exercised as at the date of this report.

# NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

## 34. GENERAL INFORMATION

- 34.1 The Company is a public limited liability company, listed on the Main Market of Bursa Malaysia Securities Berhad, incorporated and domiciled in Malaysia.
- 34.2 The Company's principal place of business is located at Wisma Matrix, No. 57A & B, Jalan Tun Dr Ismail, 70200 Seremban, Negeri Sembilan Darul Khusus.
- 34.3 The financial statements of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 11th April 2014.

## 35. CURRENCY

All amounts are stated in Ringgit Malaysia.

## 36. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFIT INTO REALISED AND UNREALISED

The breakdown of the retained profit of the Group and of the Company as at 31st December 2013 into realised and unrealised profit is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25th March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<b>Group 2013 RM</b>	<b>Company 2013 RM</b>
Total retained profit of the Company and its subsidiaries		
- Realised	215,918,930	19,286,156
- Unrealised	6,506,000	-
Less: Consolidation adjustments	(43,000,946)	-
Retained profit as per financial statements	179,423,984	19,286,156

# DIRECTORS' STATEMENT

We, the undersigned, being two directors of the Company, do hereby state that in the opinion of the directors, the financial statements set out on pages 70 to 116 are drawn up in accordance with Malaysian Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st December 2013 and of their results and cash flows for the financial year ended on that date.

The supplementary information on Note 36 on page 116 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Director are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accounts.

Signed on behalf of the Board of directors in accordance with a resolution dated 11 APRIL 2014.



.....  
**DATO' LEE TIAN HOCK**  
Director



.....  
**HO KONG SOON**  
Director

SEREMBAN

# STATUTORY DECLARATION

I, **TAN SAY KUAN** being the officer responsible for the financial management of **MATRIX CONCEPTS HOLDINGS BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 70 to 116 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared )

by the abovenamed at Seremban )

this 11 APRIL 2014 )

Before me:-



# ADDITIONAL INFORMATION

## Options, Warrants or Convertible Securities

During the financial year ended 31 December 2013, save for the Employees' Share Option Scheme, there was no issuance of options, warrants and convertible securities.

## Utilisation of Proceeds

The proposed utilisation of the proceeds raised from the issuance of 62,500,000 Matrix Concepts Shares, which were allotted on 23 May 2013, in conjunction with the listing of Matrix Concepts on the Main Market of Bursa Securities on 28 May 2013 is as follows:

Purpose	Time frame for utilisation from the date of listing	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation	
				RM'000	%
Working capital	24 months	55,000	53,816	<sup>(1)</sup> (1,184)	(2.2)
Infrastructure and common facilities	24 months	55,000	48,493	-	-
Construction of clubhouse	24 months	10,000	10,000	-	-
Repayment of bank borrowings	12 months	11,000	-	-	-
Estimated listing expenses	1 month	6,500	7,684	<sup>(1)</sup> 1,184	18.2
<b>Total</b>		<b>137,500</b>	<b>119,993</b>		

Note:

(1) The additional listing expenses of approximately RM1.2 million were due to underestimation of miscellaneous expenses relating to the Company's listing on the Main Market of Bursa Securities such as printing costs and campaigning expenses. This amount has been adjusted against the gross proceeds allocated for working capital.

## Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Company for the year ended 31 December 2013 was RM150,000.

## Information on Employees' Share Option Scheme

The Company has on 28 May 2013, commenced its Employees' Share Option Scheme during the year ended 31 December 2013 as follows:-

- i) Total number of options granted – 5,226,000
- ii) Total number of options exercised – 1,173,200
- iii) Total options outstanding – 4,052,800



# ADDITIONAL INFORMATION

(cont'd)

The options granted to the directors and chief executive /senior management for the year ended 31 December 2013 are as shown below:-

Name	Maximum amount and percentage Of Options allocated	Aggregate amount and percentage of Options granted (IPO Grant)	Aggregate amount of Options exercised	Aggregate amount of options outstanding
Dato' Haji Mohamad Haslah Bin Mohamad Amin (Chairman- Non-Independent Non-Executive Director)	1,000,000 (3.32%)	200,000 (0.66%)	60,000	140,000
Dato' Lee Tian Hock (Group Managing Director/ Chief Executive Officer)	1,000,000 (3.32%)	200,000 (0.66%)	-	200,000
Ho Kong Soon (Group Deputy Managing Director/ Chief Operating Officer)	1,000,000 (3.32%)	200,000 (0.66%)	60,000	140,000
Dato' Firdaus Muhammad Rom Bin Harun (Independent Non-Executive Director)	500,000 (1.66%)	100,000 (0.33%)	30,000	70,000
Dato' (Ir.) Batumalai A/L Ramasamy (Independent Non-Executive Director)	500,000 (1.66%)	100,000 (0.33%)	30,000	70,000
Rezal Zain Bin Abdul Rashid (Independent Non-Executive Director)	500,000 (1.66%)	100,000 (0.33%)	-	100,000
Salmah Binti Sharif # (Independent Non-Executive Director)	-	-	-	-
Tan Say Kuan (Chief Financial Officer)	N/A	100,000 (0.33%)	30,000	70,000

# Salmah Binti Sharif was appointed to the Board on 19 November 2013

# ADDITIONAL INFORMATION

(cont'd)

## Recurrent Related Party Transactions (“RRPTs”)

In addition to the details of RRPTs as disclosed in Note 25 of the financial statements, the transaction with related parties during the financial year are as detailed below:-

No	Subsidiary Company	Transacting Related Party	Nature of transaction	Actual value transacted As At 31 December 2013 (RM'000)	Nature of relationship
1.	Juwasan Trading Sdn Bhd (“ <b>Juwasan Trading</b> ”)	Y&Y Mix Sdn Bhd	Purchase of ready mix concrete	26,074	Datin Yong Chou Lian, who is a major shareholder of Y&Y Mix Sdn Bhd, is a shareholder of the Company and the spouse of Dato’ Lee Tian Hock.  Yong Moi Noi, who is a director of Y&Y Mix Sdn Bhd, is the sister-in-law of Dato’ Lee Tian Hock.  Yong Ing Kiat, who is a major shareholder and director of Y&Y Mix Sdn Bhd, is the brother-in-law of Dato’ Lee Tian Hock.  Yong Ghee Kiat, Yong Ah Chek and Yong Hwah Kiat who are major shareholders of Y&Y Mix Sdn Bhd, are the brothers-in-law of Dato’ Lee Tian Hock.
2.	Juwasan Maju (“ <b>Juwasan Maju</b> ”)	T&T Cahaya Murni Sdn Bhd	Purchase of cements, ceiling, steel bar, steel mesh, ceramic tiles, reinforced concrete piles	25,814	Tung Kwi Hoiu and Tung Kew Tiong, who are major shareholders and directors of T&T Cahaya Murni Sdn Bhd, are the brothers of Tung Ah Qui, a director of Pembinaan Juwasan Sdn Bhd, Juwasan Maju and Juwasan Trading.
3.	Juwasan Maju and Juwasan Trading	Y&N Hardware Trading Sdn Bhd	Purchase of white lime and transportation	104	Nyo Eng Kiak, who is the joint-owner of Y&N Hardware Trading Sdn Bhd, is the brother-in-law of Dato’ Lee Tian Hock.
4.	BSS Development Sdn Bhd (“ <b>BSS Development</b> ”)	Low Kim Fong	Rental of single-storey shop office by BSS Development from Low Kim Fong utilised as the Bandar Sri Sendayan Customer Care Centre (i)	24	Low Kim Fong is the sister-in-law of Lee Tian Onn, who is the director of our subsidiaries.

# ADDITIONAL INFORMATION

(cont'd)

## Recurrent Related Party Transactions (“RRPTs”) (cont'd)

No	Company within our Group involved	Transacting Related Party	Nature of transaction	Actual value transacted As At 31 December 2013 (RM'000)	Nature of relationship
5.	BSS Development	Takrif Maksimum Sdn Bhd	Rental of a retail space by BSS Development from Takrif Maksimum Sdn Bhd utilised as its sales gallery <sup>(i)</sup>	60	Dato' Lee Tian Hock, who is a major shareholder and director of Takrif Maksimum Sdn Bhd, is the major shareholder and Group Managing Director/ Chief Executive Officer of MCHB Group.  Datin Yong Chou Lian, who is a major shareholder and director of Takrif Maksimum Sdn Bhd, is the spouse of Dato' Lee Tian Hock.

Notes:

(i) BSS Development has on 15 November 2011 entered into a tenancy agreement with Low Kim Fong whereby Low Kim Fong agreed to let and BSS Development agreed to accept a tenancy of the Customer Care Centre at No.773A, Jalan Nusari Aman 3/1, Medan Nusari, 71900 Bandar Sri Sendayan, Negeri Sembilan Darul Khusus, for a period commencing on 1 January 2012 till 31 December 2014 at a monthly rental of RM2,000.

(ii) BSS Development had on 12 March 2010 entered into a tenancy agreement with Takrif Maksimum Sdn Bhd whereby Takrif Maksimum Sdn Bhd agreed to let and BSS Development agreed to accept a tenancy of the gallery space at PT1055, Jalan Metro Sendayan 1, 71900 Bandar Sri Sendayan, Negeri Sembilan Darul Khusus, for a period commencing on 1 April 2010 and renewable annually at a monthly rental of RM5,000, of which has been renewed on 12 March 2014.

The above RRPTs are of revenue or trading in nature and are entered into in the ordinary course of business prior to the admission of the Company into the official list of Main Market Bursa Malaysia Securities Berhad on 28 May 2013.

## Revaluation of Landed Property

The Group adopts the fair value approach for this investment property and valuations are done as and when applicable.

## Share Buy-Backs

There was no share buy-backs

## Sanctions and/or Penalties

In the financial year ended 31 December 2013, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by any regulatory body.

# ADDITIONAL INFORMATION

(cont'd)

## **Variation of Results, Profit Estimates, Forecasts or Projections**

There were no significant variances noted between the reported results and the unaudited results announced. The Company did not make any release on the profit estimate, forecasts or projections for the financial year ended 31 December 2013.

## **Profit Guarantees**

There were no profit guarantees.

## **Material Contracts Involving Directors and Substantial Shareholders**

The Company and its subsidiary companies have not entered into any material contracts outside the ordinary course of business, involving directors and substantial shareholders for the financial year ended 31 December 2013.

## **Depository Receipt Programme**

During the financial year ended 31 December 2013, the Company did not sponsor any Depository Receipt Programme.

# LIST OF PROPERTIES

## DEVELOPMENT PROPERTIES

No.	Location	Tenure	Land (Acres)	Usage	Net Book Value as at 31 December 2013 (RM'000)	Date of Acquisition
1.	Bandar Sri Sendayan	Freehold / Perpetuity			240,381	11 August 2011
(i)	Lot No. PT 871-883, 906-927, 948-968, 1687-1703, 1720-1782, 1985, 6872-6904, 6906-7000, 7004-7058, 7060-7143 and 8362-8389, Bandar Sri Sendayan, Seremban, Negeri Sembilan		46.6	On-going mixed residential and commercial development		
(ii)	Lot No. PT 6450-6730, 6733-6751, 6753-6854, 7301-8195, 8391-10241, 10919-10985, 10987-11589 and 12667, Bandar Sri Sendayan, Seremban, Negeri Sembilan		475.8	On-going and/or future mixed residential and commercial development		
(iii)	Lot No. PT 1018-1049, Bandar Sri Sendayan, Seremban, Negeri Sembilan		2.5	Future commercial development		
(iv)	Lot No. PT 7148-7194 and 7196-7298, Bandar Sri Sendayan, Seremban, Negeri Sembilan		15.0	Future commercial development		
(v)	Lot No. PT 4895 and 12662-12663, Bandar Sri Sendayan, Seremban, Negeri Sembilan		18.4	On-going commercial development		
(vi)	Lot No. PT 12664-12665, Bandar Sri Sendayan, Seremban, Negeri Sembilan		8.1	On-going commercial development		
(vii)	Lot No. PT 6140-6163, 6165-6173, 6175-6186, 6189-6214, 6216-6253, 6255, 6257-6284, 10271-10278 and 12671, Bandar Sri Sendayan, Seremban, Negeri Sembilan		46.4	Future mixed commercial and industrial development		

# LIST OF PROPERTIES

(cont'd)

## DEVELOPMENT PROPERTIES (cont'd)

No.	Location	Tenure	Land (Acres)	Usage	Net Book Value as at 31 December 2013 (RM'000)	Date of Acquisition
(viii)	Lot No. PT 6137-6138, 6290-6291, 6313, 6326, 6329, 6336-6337, 10279 – 10280 and 11633, Bandar Sri Sendayan, Seremban, Negeri Sembilan		65.4	On-going commercial development		
(ix)	Lot No. PT 6378-6380, 6382-6383, 6394-6402, 6407-6409, 11641-11648, 11650-11680, 12630, 12678, 12682-12683, 12685-12687, and 12689-12691, Bandar Sri Sendayan, Seremban, Negeri Sembilan		283.4	On-going industrial and commercial development		
(x)	Lot No. PT 6868, Bandar Sri Sendayan, Seremban, Negeri Sembilan		116.0	Future commercial development		
(xi)	Lot No. PT 8196-8320, 8328-8329, 8339, 10690-10865, and 12655-12660, Bandar Sri Sendayan, Seremban, Negeri Sembilan		81.3	On-going and future mixed commercial development		
2.	Lot No. PT 11691-11814, 11820-12595, Bandar Sri Sendayan, Seremban, Negeri Sembilan	Freehold/ Perpetuity	101.7	Future mixed residential and commercial development	35,953	1 August 2012
3.	Lot No. PT 8698-8709, 8711-8724, 8726-8727 and, Lot 23142 (Geran 211910), Bandar Seremban, Daerah Seremban, Negeri Sembilan	Freehold/ Perpetuity	7.1	On-going commercial development	16,313	22 July 2009
4.	Lot 921 (Geran 18485), Mukim of Sri Rusa, Daerah of Port Dickson, Negeri Sembilan	Freehold/ Perpetuity	5.0	Future mixed residential and commercial development	12,053	15 May 2013

# LIST OF PROPERTIES

(cont'd)

## DEVELOPMENT PROPERTIES (cont'd)

No.	Location	Tenure	Land (Acres)	Usage	Net Book Value as at 31 December 2013 (RM'000)		Date of Acquisition
5.	Grant 43406 Lot 1191, Grant 65449 Lot 1637, Both in Section 46, Town of Kuala Lumpur, District of Kuala Lumpur	Freehold	1.1	Future mixed residential and commercial development	43,630	24 December 2013	
6.	Grant 20703, Lot 912 in the Mukim of Rasah, Daerah of Seremban, Negeri Sembilan	Freehold	194.4	Future mixed residential and commercial development	59,288	28 November 2013	

## PROPERTIES HELD FOR INVESTMENT

1.	Lot 12652-12654, Bandar Sri Sendayan, Seremban, Negeri Sembilan	Freehold/ Perpetuity	26.1	School and clubhouse under construction	66,273	5 July 2013	
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# ANALYSIS OF SHAREHOLDINGS

## AS AT 30 APRIL 2014

<b>Authorised Share Capital</b>	:	RM2,000,000,000 divided into 2,000,000,000 ordinary shares of RM1.00 each
<b>Paid-up Share Capital</b>	:	RM303,338,200 divided into 303,338,200 ordinary shares of RM1.00 each
<b>Class of Shares</b>	:	Ordinary shares of RM1.00 each fully paid.
<b>Voting Right</b>	:	One vote per ordinary share

### DISTRIBUTION OF SHAREHOLDINGS

Size of Share Holdings	No. of Shareholders	Holdings	Total Holdings %
Less Than 100 shares	7	147	0.00
100 To 1,000 shares	579	482,700	0.16
1,001 To 10,000 shares	1,945	8,884,800	2.93
10,001 To 100,000 shares	727	24,106,900	7.95
100,001 To Less Than 5 % of issued shares	190	146,242,675	48.21
5% and above of issued shares	3	123,620,978	40.75
<b>Total</b>	<b>3,451</b>	<b>303,338,200</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS

According to the register to be kept under section 69L of the Companies Act, 1965, ("the Act") the following are the substantial shareholders of the Company:-

Name of Substantial Shareholder	No. of Shares			
	Direct	%	Indirect	%
1 Dato' Lee Tian Hock	60,094,052	19.81	<sup>(i)</sup> 75,547,370	24.91
2 Shining Term Sdn Bhd	48,335,706	15.93	-	-
3 Ho Kong Soon	6,974,352	2.30	<sup>(ii)</sup> 15,331,220	5.05
4 Datin Yong Chou Lian	1,071,529	0.35	<sup>(iii)</sup> 50,407,235	16.62
5 Supreme Interest Sdn Bhd	15,191,220	5.01	-	-
6 Alice Tan Khiam Chow	140,000	0.05	<sup>(iv)</sup> 15,191,220	5.01



# ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2014 (cont'd)

Notes:

(i) Deemed interested by virtue of his direct shareholdings in Shining Term Sdn Bhd, Ambang Kuasa Sdn Bhd, Magnitude Point Sdn Bhd and Yakin Teladan Sdn Bhd pursuant to Section 6A of the Act and the shareholdings of his spouse, Datin Yong Chou Lian pursuant to Section 134(12)(c) of the Act.

a) Shining Term Sdn Bhd	48,335,706
b) Ambang Kuasa Sdn Bhd	14,948,199
c) Magnitude Point Sdn Bhd	9,120,407
d) Yakin Teladan Sdn Bhd	2,071,529
e) Datin Yong Chou Lian	1,071,529
<b>Total</b>	<b>75,547,370</b>

(ii) Deemed interested by virtue of their direct shareholdings in Supreme Interest Sdn Bhd pursuant to Section 6A of the Act and the shareholdings of his spouse, Alice Tan Khiam Chow pursuant to Section 134(12)(c) of the Act.

a) Supreme Interest Sdn Bhd	15,191,220
b) Alice Tan Khiam Chow	140,000
<b>Total</b>	<b>15,331,220</b>

(iii) Deemed interested by virtue of her direct shareholdings in Shining Term Sdn Bhd and Yakin Teladan Sdn Bhd pursuant to Section 6A of the Act.

a) Shining Term Sdn Bhd	48,335,706
b) Yakin Teladan Sdn Bhd	2,071,529
<b>Total</b>	<b>50,407,235</b>

(iv) Deemed interested by virtue of their direct shareholdings in Supreme Interest Sdn Bhd pursuant to Section 6A of the Act.

Supreme Interest Sdn Bhd	15,191,220
<b>Total</b>	<b>15,191,220</b>

# ANALYSIS OF SHAREHOLDINGS

## AS AT 30 APRIL 2014 (cont'd)

### DIRECTOR'S SHAREHOLDINGS

Name of Substantial Shareholder	No. of Shares			
	Direct	%	Indirect	%
1 Dato' Haji Mohamad Haslah Bin Mohamad Amin	210,000	0.07	-	-
2 Dato' Lee Tian Hock	60,094,052	19.81	<sup>(i)</sup> 75,547,370	24.91
3 Dato' Firdaus Muhammad Rom Bin Harun	80,000	0.03	-	-
4 Dato' (Ir.) Batumalai A/L Ramasamy	210,000	0.07	<sup>(iii)</sup> 2,000	0.001
5 Rezal Zain Bin Abdul Rashid	130,000	0.04	-	-
6 Ho Kong Soon	6,974,352	2.30	<sup>(ii)</sup> 15,331,220	5.05
7 Salmah Binti Sharif	-	-	-	-

#### Notes:

(i) Deemed interested by virtue of his direct shareholdings in Shining Term Sdn Bhd, Ambang Kuasa Sdn Bhd, Magnitude Point Sdn Bhd and Yakin Teladan Sdn Bhd pursuant to Section 6A of the Act and the shareholdings of his spouse, Datin Yong Chou Lian pursuant to Section 134(12)(c) of the Act.

a) Shining Term Sdn Bhd	48,335,706
b) Ambang Kuasa Sdn Bhd	14,948,199
c) Magnitude Point Sdn Bhd	9,120,407
d) Yakin Teladan Sdn Bhd	2,071,529
e) Datin Yong Chou Lian	1,071,529

**Total** **75,547,370**

(ii) Deemed interested by virtue of their direct shareholdings in Supreme Interest Sdn Bhd pursuant to Section 6A of the Act and the shareholdings of his spouse, Alice Tan Khiam Chow pursuant to Section 134(12)(c) of the Act.

a) Supreme Interest Sdn Bhd	15,191,220
b) Alice Tan Khiam Chow	140,000

**Total** **15,331,220**

(iii) Deemed interested held by by his spouse, Dr. Santha a/p Sockalingam pursuant to Section 134(12)(c) of the Act.

Dr. Santha a/p Sockalingam	2,000
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**Total** **2,000**

# ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2014 (cont'd)

## THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	No. of Shares Held	% of Total Issued Shares
1	Dato' Lee Tian Hock	60,094,052	19.81
2	Shinning Term Sdn Bhd	48,335,706	15.93
3	Supreme Interest Sdn Bhd	15,191,220	5.01
4	Ambang Kuasa Sdn Bhd	14,948,199	4.93
5	Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt AN for AIA Bhd</i>	13,368,000	4.41
6	Fine Approach Sdn Bhd	9,500,712	3.13
7	Magnitude Point Sdn Bhd	9,120,407	3.01
8	Ho Kong Soon	6,974,352	2.30
9	Target Venue Sdn Bhd	5,691,220	1.88
10	Kumpulan Wang Persaraan (Diperbadankan)	4,837,600	1.59
11	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Amundi)</i>	3,013,500	0.99
12	Meridian Effect Sdn Bhd	2,738,674	0.90
13	Cartaban Nominees (Tempatan) Sdn Bhd <i>Exempt AN for Eastspring Investments Berhad</i>	2,698,400	0.89
14	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (PHEIM)</i>	2,495,800	0.82
15	Citigroup Nominees (Asing) Sdn Bhd <i>GSCO for Prince Street Opportunities Ltd</i>	2,380,200	0.78
16	Yakin Teladan Sdn Bhd	2,071,529	0.68
17	Citigroup Nominees (Asing) Sdn Bhd <i>CIPLC for PHEIMSICAV-SIF</i>	2,057,000	0.68
18	HSBC Nominees (Asing) Sdn Bhd <i>HSBC-FS for Legg Mason Western Asset Southeast Asia Special Situations Trust (201061)</i>	2,022,800	0.67
19	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chong Kim Lan (E-SRB)</i>	2,002,900	0.66
20	HSBC Nominees (Asing) Sdn Bhd <i>HSBC BK PLC for Asia Ex Japan Equity Smaller Companies (HSSL-HGIF)</i>	1,757,000	0.58
21	HSBC Nominees (Asing) Sdn Bhd <i>HSBC-FS I for JPMorgan Malaysia Fund</i>	1,708,000	0.56
22	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Hwang AllMan Growth Fund (4207)</i>	1,678,300	0.55
23	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account Ting Siew Pin (CEB)</i>	1,407,900	0.46
24	Koperasi Permodalan Felda Malaysia Berhad	1,351,100	0.45
25	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Exempt AN for Deutsche Bank AG London (Prime Brokerage)</i>	1,324,300	0.44
26	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Koh Kin Lip</i>	1,300,000	0.43
27	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Hwang AllMan Select Income Fund</i>	1,243,100	0.41
28	Citigroup Nominees (Asing) Sdn Bhd <i>GSCO for Prince Street International Ltd</i>	1,219,800	0.40
29	Citigroup Nominees (Tempatan) Sdn Bhd <i>Kumpulan Wang Persaraan (Diperbadankan)(Nomura)</i>	1,125,000	0.37
30	Datin Yong Chou Lian	1,071,529	0.35
	<b>Total</b>	<b>224,728,300</b>	<b>74.09</b>

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting (“17th AGM”) of Matrix Concepts Holdings Berhad (“MCHB” or “the Company”) will be held at Rasah Room, The Royale Bintang Resort & Spa Seremban, Jalan Dato’ A.S. Dawood, 70100 Seremban, Negeri Sembilan, Malaysia on Wednesday, 18 June 2014 at 10.30 a.m. for the following purposes:-

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon. *[Please refer to Explanatory Note(i)]*
2. To approve the payment of Directors’ fees of RM113,000 for the financial year ended 31 December 2013. *(Ordinary Resolution 1)*
3. To re-elect the following Directors retiring in accordance with Article 97 and 103 of the Company’s Articles of Association:-
  - (i) Dato’ Lee Tian Hock *(Ordinary Resolution 2)*
  - (ii) Dato’ Firdaus Muhammad Rom Bin Harun *(Ordinary Resolution 3)*
  - (iii) Salmah Binti Sharif *(Ordinary Resolution 4)*
4. To re-appoint Messrs Wong Weng Foo & Co as Auditors of the Company and to authorize the Board of Directors to fix their remuneration. *(Ordinary Resolution 5)*

### AS SPECIAL BUSINESS

5. To approve the proposed allocation of share options under the Employees Share Option Scheme (“ESOS”) to Salmah Binti Sharif *(Ordinary Resolution 6)*

“ THAT the Board of Directors be hereby authorized at any time during the duration of the ESOS to offer and to grant to Salmah Binti Sharif, the Independent Non-Executive Director of the Company, options to subscribe for up to a maximum of 500,000 new ordinary shares of the Company under the ESOS, and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provision of the By-Laws of the ESOS”
6. To grant authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965 *(Ordinary Resolution 7)*

“ THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time and upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital 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 that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

# NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

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

By Order of the Board

**LOO KAH BOON**  
(MAICSA 0784630)  
**HOH LEONG CHING**  
(MAICSA 7006654)  
Company Secretaries

26 May 2014  
Seremban  
Negeri Sembilan

Notes:

- (1) *For the purpose of determining a member who shall be entitled to attend and vote at the 17th AGM, the Company shall be requesting the Record of Depositors as at 11 June 2014. Only a depositor whose name appears on the Record of Depositors as at 11 June 2014 shall be entitled to attend the said meeting or appoint proxies to attend and vote in his/her stead.*
- (2) *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy and the provisions of Sections 149 (1)(a) and (b) of the Companies Act 1965, shall not apply.*
- (3) *Where a member appoints more than one (1) proxy to attend at the same meeting the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
- (4) *Where a member is an exempt authorized nominee as defined under the Central Depositories Act, which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account") it may appoint multiple proxies in respect of each omnibus account it holds.*
- (5) *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorized.*
- (6) *The Proxy Form must be deposited at the Company's Share Registrar, Bina Management (M) Sdn Bhd at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*

# NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

## Explanatory notes on Ordinary and Special Business:-

i) Item 1 of the Agenda

This Agenda item is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the audited financial statement. Hence this Agenda is not put forward for voting.

ii) Ordinary Resolution 1- Payment of Directors' Fees

The proposed Ordinary Resolution 1 is to approve the payment of Directors' Fees to Non-Executive Directors of the Company for the financial year ended 31 December 2013.

iii) Ordinary Resolutions 2 to 4 - Re-election of Directors

Pursuant to Article 97 of the Articles of Association of the Company which denotes that, one-third (1/3) of the Directors for the time being of the Company, or if their number is not three (3) or multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election.

Dato' Lee Tian Hock and Dato' Firdaus Muhammad Rom Bin Harun are due for retirement in pursuance of Article 97 and being eligible, have offered themselves for re-election.

Pursuant to Article 103 of the Articles of Association of the Company which denotes that, any Director so appointed either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next following Annual General Meeting of the Company and shall then, be eligible for re-election.

Puan Salmah Binti Sharif was appointed during the financial year ended 31 December 2013 and in pursuance of the above Article 103, her office shall end at the close of the 17th AGM. She is eligible for re-election and has indicated her willingness to be re-elected as a Director of the Company.

The proposed Ordinary Resolutions 2 to 4 are to re-elect the above mentioned Directors pursuant to the aforesaid Article 97 and 103 respectively.

iv) Ordinary Resolution 5 – Re-appointment of Auditors

A company at each general meeting shall appoint a person to be the Auditors of the company and any Auditors so appointed shall hold office until the conclusion of the next annual general meeting of the company. Messrs Wong Weng Foo & Co, the Auditors of the Company have consented to be re-appointed as Auditors of the Company for the financial year ending 31 December 2014. The Board of Directors has reviewed their suitability and independence and has recommended that they be retained.

# NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

v) Ordinary Resolution 6- Proposed Allocation of Share Options under the Employees Share Option Scheme (“ESOS”) to a Director

The proposed Ordinary Resolution 6 is made pursuant to the ESOS which had been approved by the shareholders of the Company at an Extraordinary General Meeting held on 1 April 2013 (“EGM”). The ESOS was implemented on 28 May 2013 and is in force for a maximum period of five (5) years from the effective date. The shareholders at the EGM had also approved the allocation of options and/or grant of options to the Directors of the Company for subscribing up to a maximum of new one million (1,000,000) MCHB shares. The maximum number of ordinary shares of RM1.00 each in the Company available under the ESOS should not exceed 10% of the total number of issued and paid-up capital of the Company at any point of time during the duration of the ESOS.

The proposed Ordinary Resolution 6 is to approve the allocation of options to subscribe for up to a maximum of 500,000 new ordinary shares of the Company under the ESOS to Puan Salmah Binti Sharif, the Independent Non-Executive Director of the Company, subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provision of the By-Laws of the ESOS. Therefore, any terms as defined in the By-Laws which are mentioned in the Ordinary Resolution 6 or this explanatory note shall have the same meaning herein.

Puan Salmah Binti Sharif had abstained and will continue to abstain from deliberating and voting on any subject matter pertaining to the ESOS and her entitlement under the ESOS at the Board meeting and will continue to abstain from voting in respect of her direct and/or indirect shareholdings in MCHB (if any) on the resolution pertaining to proposed allocation to her under the ESOS to be tabled at this Annual General Meeting. Puan Salmah Binti Sharif shall also ensure that persons connected to her will abstain from voting in respect of their direct and/or indirect shareholdings in MCHB (if any) on the resolution approving the proposed allocation to her under the ESOS to be tabled at this Annual General Meeting.

vi) Ordinary Resolution 7 - Authority to issue shares

The proposed Ordinary Resolution 7 is primarily to give authority to the Board of Directors to allot and issue up to 10% of the issued capital at any time in their absolute discretion and for such purpose as they consider would be in the interest of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the issuance of new shares, the Directors, under certain circumstance when the opportunity arises, would have to convene a general meeting to approve the issuance of new shares even though the number involved may be less than 10% of the issued capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of shares when the needs may arise during the financial year, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purpose.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

**(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)**

1. Directors who are standing for re-election and re-appointment at the 17th AGM of Matrix Concepts Holdings Berhad are as follows:-
  - a) Dato' Lee Tian Hock (Ordinary Resolution 2)
  - b) Dato' Firdaus Muhammad Rom Bin Harun (Ordinary Resolution 3)
  - c) Salmah Binti Sharif (Ordinary Resolution 4)
2. The profiles of the Directors who are standing for re-election /re-appointment are set out on page 11 to 17 of this Annual Report
3. The information relating to the shareholdings of the above Directors in the Company and its related corporation are set out on pages 126 to 128 of this Annual Report.





**MATRIX CONCEPTS HOLDINGS BERHAD**  
(Company No. 414615-U)  
(Incorporated in Malaysia under the Companies  
Act, 1965)

# Proxy Form

No. of shares	CDS Account No.

(Before completing this form please refer to the notes below)

I/We .....

NRIC/PassportNo./Company No. ....  
(Full name in Block Letters)

of .....  
(Full address)

being a member / members of MATRIX CONCEPTS HOLDINGS BERHAD ("MCHB") hereby appoint the following person(s):-

Name of proxy & NRIC/Passport No.	No. of shares to be represented by proxy
1.	
2.	

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting ("17th AGM") of MCHB to be held on Wednesday, 18 June 2014 at Rasah Room, The Royale Bintang Resort & Spa Seremban, Jalan Dato A.S. Dawood, 70100 Seremban, Negeri Sembilan, Malaysia at 10.30 a.m. and at any adjournment thereof.

Ordinary Business				
Item	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and the Auditors thereon.			
2.	To approve the payment of Directors' Fees	1		
3.	i) To re-elect Dato' Lee Tian Hock	2		
	ii) To re-elect Dato' Firdaus Muhammad Rom Bin Harun	3		
	iii) To re-elect Salmah Binti Sharif	4		
4.	To re-appoint Auditors.	5		
Special Business				
5.	Proposed allocation of share options to a Director	6		
6.	Authority to Issue Shares	7		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion).

In case of a vote taken by a show of hands, the First-named Proxy shall vote on my/our behalf

As witness my hand this ..... day of ..... 2014.

.....  
Signature/Common Seal of Shareholder(s)

Notes:

- For the purpose of determining a member who shall be entitled to attend and vote at the 17th AGM, the Company shall be requesting the Record of Depositors as at 11 June 2014. Only a depositor whose name appears on the Record of Depositors as at 11 June 2014 shall be entitled to attend the said meeting or appoint proxies to attend and vote in his/her stead.
- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy and the provisions of Sections 149(1)(a) and (b) of the Companies Act 1965, shall not apply.
- Where a member appoints more than one (1) proxy to attend at the same meeting the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member is an exempt authorized nominee as defined under the Central Depositories Act, which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account") it may appoint multiple proxies in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorized.
- The Proxy Form must be deposited at the Company's Share Registrar, Bina Management (M) Sdn Bhd at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

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AFFIX  
STAMP

**MATRIX CONCEPTS HOLDINGS BERHAD**

c/o Bina Management (M) Sdn Bhd  
Lot 10, The Highway Centre,  
Jalan 51/205, 46050,  
Petaling Jaya, Selangor,  
Malaysia.

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**MATRIX CONCEPTS HOLDINGS BERHAD**  
(414615-U)

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