eastland

EASTLAND EQUITY BHD. (515965-A

ANNUAL REPORT 2016

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of the Company will be held at Merbok Room, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan on Monday, 22 May 2017 at 8.30 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 1 of the Explanatory Notes)**
2. To re-elect Mr Mau Kam Wai as Director pursuant to the Articles of Association of the Company. **Ordinary Resolution 1**
3. To re-elect Mr Petrus Gimbad as Director pursuant to the Articles of Association of the Company. **Ordinary Resolution 2**
4. To approve the Directors' Fees and benefits payable of an amount not exceeding RM450,000 for the financial year ending 31 December 2017 to be paid monthly in arrears. **Ordinary Resolution 3**
5. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

As Special Business

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

6. **Authority to Issue Shares pursuant to Section 76 of the Companies Act, 2016**

   "THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue new shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions to such persons and for such purposes as the Directors may in their absolute discretion, deem fit provided that the aggregate number of new shares to be issued does not exceed ten per centum (10%) of the total issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issue." **Ordinary Resolution 5**

BY ORDER OF THE BOARD
TAI YIT CHAN (MAICSA 7009143)
WONG SIEW YEEN (MAICSA 7018749)
Company Secretaries

Selangor Darul Ehsan
Date: 28 April 2017

Notes:

1. A member entitled to attend and vote at the general meeting is entitled to appoint more than one (1) proxy to attend and vote in his/her stead. Where a member appoints two (2) or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each account it holds.
3. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar. Where a member appoints more than one (1) proxy, he shall specify the proportions of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy must be under the hand of the appointer or his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

NOTICE OF ANNUAL GENERAL MEETING

5. The instrument appointing a proxy must be deposited at the Registrars' Office at Boardroom Corporate Services (KL) Sdn. Bhd., Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof. Any termination of a person's authority to act as a proxy shall be notified in writing and received by the Company at the Registered Office before the commencement of this meeting.
6. In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 15 May 2017 shall be eligible to attend, speak and vote at this meeting or appoint proxy (ies) to attend and vote on his/ her behalf.

EXPLANATORY NOTES

1. Item 1 of the Agenda

Agenda item no. 1 is meant for discussion only as the provision of Section 340(1) of the Companies Act, 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. Item 6 of the Agenda

The Company had, during its Sixteenth Annual General Meeting held on 23 May 2016, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the the Companies Act, 1965. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The proposed Ordinary Resolution 5, if passed, will empower the Directors from the conclusion of this Annual General Meeting, to allot and issue up to a maximum of 10% of the issued share capital of the Company (excluding treasury shares) at the time of issue (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

This authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding investment project(s), working capital and/or acquisition. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

Personal data privacy:
*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/ or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the **"Purposes"**), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

FIVE-YEAR FINANCIAL HIGHLIGHTS

		FINANCIAL YEAR ENDED 31 DECEMBER				
		2016	**2015**	**2014**	**2013**	**2012**
Revenue	RM	24,155,672	31,660,137	33,799,456	39,342,068	36,091,457
EBITDA	RM	1,329,678	15,226,415	10,733,844	7,838,729	4,739,007
Profit/(Loss) before tax	RM	(4,591,109)	9,170,671	6,898,127	6,665,017	3,690,813
Profit/(Loss) from continuing operations	RM	(4,783,853)	8,764,144	6,703,963	5,073,939	1,306,852
Net Profit/(Loss) attributable to equity holders	RM	(4,783,853)	8,764,144	6,703,963	5,073,939	1,306,852
Total Assets	RM	284,106,607	285,809,373	317,501,364	309,362,333	301,269,395
Total Liabilities	RM	92,794,657	89,713,570	130,169,705	128,734,637	137,702,301
Total Net Assets/Total Equity	RM	191,311,950	196,095,803	187,331,659	180,627,696	163,567,094
Return on Equity (ROE)	%	(2.50)	4.47	3.58	2.81	0.80
Return on Total Assets (ROTA)	%	(1.68)	3.07	2.11	1.64	0.43
Gearing Ratio	Times	0.49	0.46	0.69	0.71	0.84
Interest Coverage Ratio	Times	(1.50)	5.65	31.33	12.41	12.07
Earnings per share (EPS)	SEN	(1.95)	3.57	2.73	2.22	0.59
Net Tangible Asset per share	RM	0.78	0.80	0.76	0.74	0.73
Price Earning (PE) Ratio	Times	(9.49)	8.68	15.57	21.40	74.58
Share Price as at the Financial Year End	RM	0.19	0.31	0.43	0.48	0.44

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Abdul Hamidy Bin Abdul Hafiz
(Chairman and Independent Non-Executive Director)

Datuk Yunus @ Mohd Yunus Bin Awang Hashim
(Deputy Chairman and Independent Non-Executive Director)

Melvinyeo Kiandee
(Executive Director)

Mau Kam Wai
(Executive Director)

Tan Chin Hong
(Executive Director)

Petrus Gimbad
(Independent Non-Executive Director)

Mohamed Akwal Bin Sultan Mohamad
(Independent Non-Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

Petrus Gimbad (Chairman)
Datuk Yunus @ Mohd Yunus Bin Awang Hashim
Mohamed Akwal Bin Sultan Mohamad

REMUNERATION COMMITTEE

Dato' Sri Abdul Hamidy Bin Abdul Hafiz (Chairman)
Datuk Yunus @ Mohd Yunus Bin Awang Hashim
Petrus Gimbad

NOMINATING COMMITTEE

Datuk Yunus @ Mohd Yunus Bin Awang Hashim (Chairman)
Dato' Sri Abdul Hamidy Bin Abdul Hafiz
Petrus Gimbad

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
Wong Siew Yeen (MAICSA 7018749)

PRINCIPAL PLACE OF BUSINESS

No. 24, Jalan 8/23E
Taman Danau Kota
53300 Setapak
Kuala Lumpur
Tel : +(6) 03 – 4149 8200
Fax : +(6) 03 – 4149 8210

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : +(6) 03 – 7720 1188
Fax : +(6) 03 – 7720 1111

SHARE REGISTRAR

Boardroom Corporate Services (KL) Sdn. Bhd.
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : +(6) 03 – 7720 1188
Fax : +(6) 03 – 7720 1111

AUDITORS

Baker Tilly Monteiro Heng
Baker Tilly MH Tower
Level 10, Tower 1
Avenue 5, Bangsar South City
59200 Kuala Lumpur
Tel : +(6) 03 – 2297 1000
Fax : +(6) 03 – 2282 9980

PRINCIPAL BANKER

Bank Islam Malaysia Berhad
Level 32, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur
Tel : +(6) 03 – 2088 8000
Fax : +(6) 03 – 2088 8028

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
- Main Market (Trading/Services)
Stock Name : EASTLND
Stock Code : 2097

PROFILE OF THE BOARD OF DIRECTORS

DATO' SRI ABDUL HAMIDY BIN ABDUL HAFIZ
Independent Non-Executive Chairman, Malaysian, Age 60, Male

Dato' Sri Abdul Hamidy Bin Abdul Hafiz was appointed as an Independent Non-Executive Director and Chairman of the Company on 15 June 2015.

He has more than 30 years of banking experience having served domestic and foreign commercial Banks and Merchant Banks. He was formerly Chief Executive Officer/Managing Director of Pengurusan Danaharta Nasional Berhad, Affin Bank Berhad and Kuwait Finance House Berhad. He has also served as Chairman of The Association of Banks in Malaysia, Danajamin Nasional Berhad and Credit Guarantee Corporation Malaysia Berhad. He is presently a Director of AmBank (M) Bhd, Sime Darby Motors Sdn Bhd, Sime Darby Industrial Sdn Bhd, Sky Xchange Sdn Bhd and Chubb Insurance Malaysia Bhd (formerly known as Ace Jerneh Insurance Berhad).

He was appointed as an Independent Non-Executive Director/Chairman of AmBank Islamic Bhd on 1 April 2017 and he is also a member of Bursa Malaysia Listing Committee and Chairman of Corporate Debt Restructuring Committee established by Bank Negara Malaysia.

Dato' Sri Hamidy Bin Abdul Hafiz was appointed as the Chairman of the Remuneration Committee and member of Nominating Committee on 15 June 2015.

He does not have any interest (direct or indirect) in the securities of the Company. He does not have any conflict of interest with the Company or any family relationship with any director and/or major shareholder and has not been convicted for any offences within the past 10 years.

He attended all five (5) out of five (5) Board meetings held during the financial year ended 31 December 2016.

DATUK YUNUS @ MOHD YUNUS BIN AWANG HASHIM
Independent Non-Executive Deputy Chairman, Malaysian, Age 69, Male

Datuk Yunus @ Mohd Yunus Bin Awang Hashim was appointed as an Independent Non-Executive Director of the Company on 20 May 2014 and re-designated as Deputy Chairman on 15 June 2015.

Datuk Yunus holds a Bachelor of Arts (Hons) in International Relationship from University of Malaya. He started his career in 1973 with Sabah Economic Development Corporation (SEDCO) as Property Manager and subsequently joined the Public Service of Sabah where he served in the following departments / ministries:

i) Ministry of Local Government Sabah in 1974 as Administrative Officer
ii) Istana Negeri Sabah, 1975 as Private Secretary to the Yang DiPertua Negeri Sabah
iii) Ministry of Communications and Works Sabah from April 1976 – June 1978 as Deputy Permanent Secretary
iv) Ministry of Finance Sabah from 1978 – 1989 as Deputy Permanent Secretary
v) Chief Minister's Department Sabah from 1990 – 1996 as Secretary of Internal Affairs and Research
vi) Department of Islamic Affairs in 1996 as Director and Secretary of Majlis Ugama Islam Sabah
vii) Department of Human Resource Development, Sabah in 1997 as Director
viii) Ministry of Infrastructure Development, Sabah in 2000 as Permanent Secretary

Datuk Yunus retired from Sabah Public Service in 2004 and upon his retirement he was appointed as a member of the Federal Public Service Commissions until 2009.

Datuk Yunus was appointed as the Chairman of the Nominating Committee, member of Audit and Risk Management Committee and Remuneration Committee on 20 May 2014. He was elected as Senior Independent Director on 23 February 2016.

He does not have any interest (direct or indirect) in the securities of the Company. He does not have any conflict of interest with the Company or any family relationship with any director and/or major shareholder and has not been convicted for any offences within the past 10 years.

He attended four (4) out of five (5) Board meetings held in the financial year ended 31 December 2016.

PROFILE OF THE BOARD OF DIRECTORS

MELVIN KIANDEE
Executive Director, Malaysian, Aged 54, Male

Ar Kiandee was appointed as an Executive Director of the Company on 17 July 2013.

Ar Kiandee holds a 1st Class Honours Degree in Architecture, University Teknologi Malaysia and founded his architectural practice in 1989. He has been practising as an Architect for over 27 years now. Over the years, he has successfully designed and project managed several major buildings of various complexity which includes airports, container ports, medical centres, hotels, institutional and high rise buildings. Driven by his entrepreneurship, he has also been instrumental in implementing several development projects as a property developer.

He has a direct interest of 8,397,500 ordinary shares in the Company. He does not have any conflict of interest with the Company or any family relationship with any director and/or major shareholder and has not been convicted for any offences within the past 10 years.

He has attended all five (5) out of five (5) Board Meetings held during the financial year ended 31 December 2016.

MAU KAM WAI
Executive Director, Malaysian, Aged 52, Male

Mau Kam Wai was appointed as an Executive Director of the Company on 17 July 2013.

He holds a Bachelor in Business Administration, National University of Singapore. He has an extensive experience in trading stock markets globally, financial futures and foreign exchange. He is a performance driven and an insightful professional broker with a proven ability at assessing clients' potential, attracting and developing a portfolio of high net worth clients and managing expectations. He left DBS Vickers Securities in March 2013. His twenty-seven years in the financial industry include high profile companies like Nomura Singapore Limited and Solomon Smith Barney HG Asia Pte Ltd. Currently he is an executive director of Borneo Aqua Harvest Berhad and director of several private companies.

He does not have any interest (direct or indirect) in the securities of the Company. He does not have any conflict of interest with the Company or any family relationship with any director and/or major shareholder and has not been convicted for any offences within the past 10 years.

He has attended all five (5) out of five (5) Board Meetings held during the financial year ended 31 December 2016.

TAN CHIN HONG
Executive Director, Malaysian, Aged 40, Male

Tan Chin Hong was appointed as an Executive Director of the Company on 17 July 2013.

He holds a Bachelor of Social Science, Major in Economics and Accounting, The Queen's University of Belfast. He joined Eastland Equity Bhd 2004. Throughout his tenure with the Group, he is primarily based in the Finance Department. He is a meticulous and strong team member who is proficient in a wide range of accounting functions and operations. He readily adapts to new professional settings, acquire and apply new knowledge toward supporting Company goals. Being versatile and possessing multi-tasking skills, he has also been assigned to various duties involving internal audit, administrative as well as operative jobs in various subsidiaries within the Group during the tenure of his service.

His family member has interest in Prestige Pavilion Sdn Bhd, a substantial shareholder of the Company. He has an indirect interest of 17,670,000 ordinary shares and 488,700 ordinary shares in the Company via Prestige Pavilion Sdn Bhd and Danhwa Holding Sdn Bhd respectively. He also has an indirect interest of 91,228 ordinary shares via his sister, Adeline Tan Wan Chen and 84,000 ordinary shares via his brother, Tan Chin Hao by virtue of Section 197 of the Companies Act, 2016.

He does not have any conflict of interest with the Company or any family relationship with any director and/or major shareholder (save for the above) and has not been convicted for any offences within the past 10 years.

He attended all five (5) out of five (5) Board meetings held during the financial year ended 31 December 2016.

PROFILE OF THE BOARD OF DIRECTORS

PETRUS GIMBAD
Independent Non-Executive Director, Malaysian, Aged 60, Male

Petrus Gimbad was appointed as an Independent Non-Executive Director of the Company on 17 July 2013.

He is a Chartered Accountant, a Fellow of the Association of Chartered Certified Accountants, Associate of the Institute of Internal Auditors Malaysia, and holds Masters degrees in Business Administration and Advanced Business Practice. He was a partner of Ernst & Young, based in the advisory practices of Malaysia and Vietnam. He has acted as Quality Director of Ernst & Young advisory practices for the Far East region. Prior to Ernst & Young, he was an accountant with Petronas.

Petrus is a member of the Energy Commission and also sits on the board of Sabah Development Bank Berhad Group, Progressive Insurance Bhd, Yayasan Innovasi Malaysia and other private companies. He was also appointed as Independent Director of Kwantas Corporation Bhd on 24 March 2016.

He does not have any interest (direct or indirect) in the securities of the Company. He does not have any conflict of interest with the Company or any family relationship with any director and/or major shareholder and has not been convicted for any offences within the past 10 years.

Petrus was appointed as the Chairman of the Audit and Risk Management Committee, member of Nominating Committee and Remuneration Committee on 31 July 2013.

He attended all five (5) out of five (5) Board meetings held in the financial year ended 31 December 2016.

MOHAMED AKWAL BIN SULTAN MOHAMAD
Independent Non-Executive Director, Malaysian, Aged 63, Male

Mohamed Akwal Bin Sultan Mohamad was retired at the Company 15th AGM held on 15 June 2015. He was subsequent reappointed as an Independent Non-Executive Director of the Company on 20 August 2015.

Akwal has wide experience in corporate banking and debt recovery. He has extensive experience in SME lending, debt management and personal financial literacy, providing advisory services to corporates, SMEs and individuals.

He started his career with Citibank and has over 30 years of experience in the financial sector with significant experience in debt resolution, having served the National Debt Management Agency (Danaharta, set up by the Government during the 1997 financial crisis) as a Deputy General Manager. Seconded to the Development Finance and Enterprise Department of the Central Bank in 2003, he also assisted in setting up the SME Special Unit and was instrumental in the setting up of Small Debt Resolution Scheme.

He was formerly the Chief Executive Officer of the Credit Counselling and Debt Management Agency (AKPK), a company owned by the Central Bank of Malaysia.

Akwal presently is the Chief Executive Officer of My Tech Division Sdn Bhd, a company involved in the Human Resource solution.

He was also appointed as the member of Audit and Risk Management Committee on 20 August 2015.

He does not have any interest (direct or indirect) in the securities of the Company. He does not have any conflict of interest with the Company or any family relationship with any director and/or major shareholder and has not been convicted for any offences within the past 10 years.

He attended all five (5) out of five (5) Board meetings held in the financial year ended 31 December 2016 during his office as Director.

PROFILE OF KEY SENIOR MANAGEMENT

ERIC WEE EI-MAS
Project Manager, Malaysian, Aged 38, Male

Eric Wee was appointed as a Project Manager of the Company on 1 July 2015.

He trained for his Undergraduate studies in Bachelor of Engineering (Civil & Structure) from the University of Melbourne, Australia and has been registered with the Board of Engineers since 2011. In his 15 years of working experience, Eric has worked in the real estate, property development and construction industries in Malaysia, UAE, Bahrain, Singapore, India and the Philippines.

In his pursuit of continual professional development, Eric has earned a Project Management Professional (PMP) Certification from the Project Management Institute of America. He has also completed courses for Negotiation and Marketing with Yale and The Wharton School respectively.

He does not have any Directorship in Public Companies.

He has a direct interest of 41,000 ordinary shares in the Company. He does not have any conflict of interest with the Company or any family relationship with any director and/or major shareholder and has not been convicted for any offences within the past 10 years.

SAN TUCK HOE
Financial Controller, Malaysian, Aged 48, Male

San Tuck Hoe was appointed as a Financial Controller of the Company on 1 January 2014.

He was trained under the Malaysian Institute of Certified Public Accountants ("MICPA") professional accountant articleship programme with a Big Four accounting firm, obtained his MICPA professional qualification in 1998 and registered with the Malaysian Institute of Accountants in 2003.

In his more than 20 years of working experience, Tuck Hoe is exposed to various industries during his career development with a Big Four accounting firm. Prior to joining the Company, he was a part of the finance and accounting team of one of the world's leading producer of high purity stevia ingredients which has offices, plants and other facilities in Asia Pacific, North America, South America, Europe and Africa regions.

He does not have any Directorship in Public Companies.

He does not have any interest (direct or indirect) in the securities of the Company. He does not have any conflict of interest with the Company or any family relationship with any director and/or major shareholder and has not been convicted for any offences within the past 10 years.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES IN 2016

Eastland Equity Bhd is an investment holding company with principal activities in Hospitality, Property Development and Investment Properties. The Group's business activities are predominantly located in Kelantan comprising Renaissance Kota Bharu Hotel, Kota Sri Mutiara Shopping Complex in Kota Bharu and mix commercial project in Pasir Mas which is a joint venture project with Majlis Daerah Pasir Mas ("MDPM") called Bandar Tasek Raja ("BTR").

BTR has become a new township of Pasir Mas. At BTR we see the relocation of the market from Pasir Mas old town to this new township. This market is currently the biggest in Kelantan. Following this relocation, significant bus and taxi traffic has also shifted to BTR.

During the year, the Group has completed and handed over the BTR Phase 1 which consists of 7 units of 3-Storey shoplots, 75 units of 2- Storey shoplots, 30 units of stores, 2-Storey of dry and wet market, a surau, and a bus and taxi terminal. With this handover the Group's obligation towards the authority, MDPM has been fulfilled.

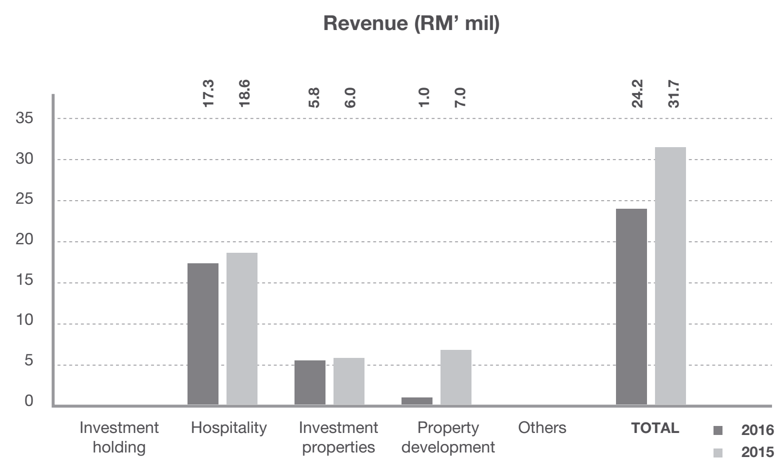
The Group has initiated Phase 2 of the Project which comprises 154 units of 3-Storey shop offices with basement. This is planned and developed in stages in line with the prevailing market condition and was launched in January 2017. With the recent launch of PR1MA homes and other residential projects within the vicinity, a total of 5,000 residential units are expected to come online within the next 3 years. Local and state government are also looking to revitalise the Halal Hub which is located 4km away. This is expected to bring in an infusion of industries into the district. With its strategic location, BTR is expected to be a catchment point and major beneficiary of the increased traffic.

In the investment property business, the Group has successfully negotiated the extension of the tenancy of the anchor tenant of the mall, Billion Kota Bharu. In addition, the Group has landed a new tenant who is operating a family entertainment park and this is expected to be a crowd puller.

The hotel business however continues to be affected by the soft market because of the reduced activities in the Oil & Gas sectors as compared to previous years, and increased competition.

FINANCIAL PERFORMANCE

Revenue



The Group's total revenue for the year was RM24.2Mil as compared to the preceding year of RM31.7Mil. This overall decrease in revenue is consistent with the lower project development activities in 2016 and the reduction in hotel revenue.

Revenue contribution and performance review of the three key segments of the Group are as follows:

Property Development

The property development segment revenue for 2016 was RM1.0Mil as compared to RM7.0Mil in the preceding year. The decrease is in line with the lower revenue recognized following the handover of Phase 1 of BTR.

MANAGEMENT DISCUSSION AND ANALYSIS

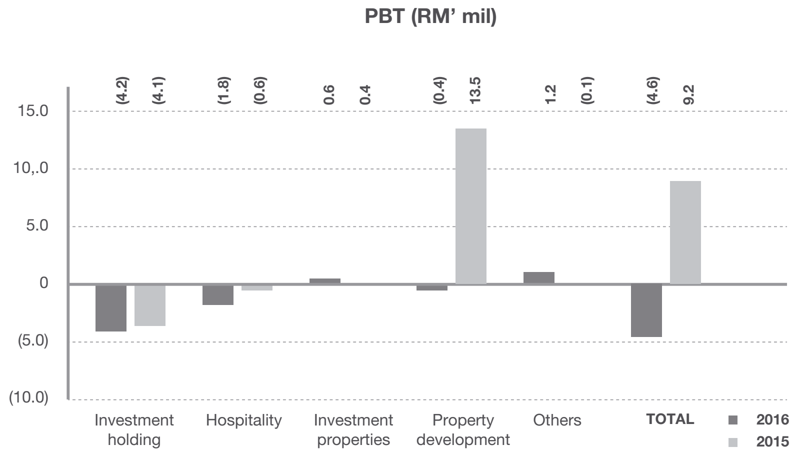
Investment Properties

Investment Properties segment contributed RM5.8Mil revenue for the year as compared to RM6.0Mil being rental collection from the Kota Seri Mutiara Shopping Complex which is currently occupied by two anchor tenants. The slight drop in revenue is because of tenancy movements.

Hospitality

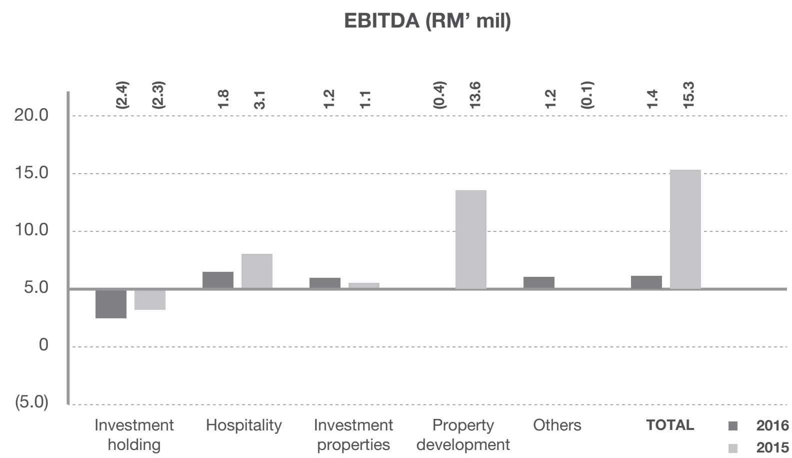
The Hospitality segment revenue from Renaissance Hotel was RM17.3Mil as compared to RM18.6Mil of the preceding year. This is due to lower occupancy rate of 38.24% in 2016 as compared to 41.44% in 2015 consistent with the soft market in Kota Bharu.

Profitability



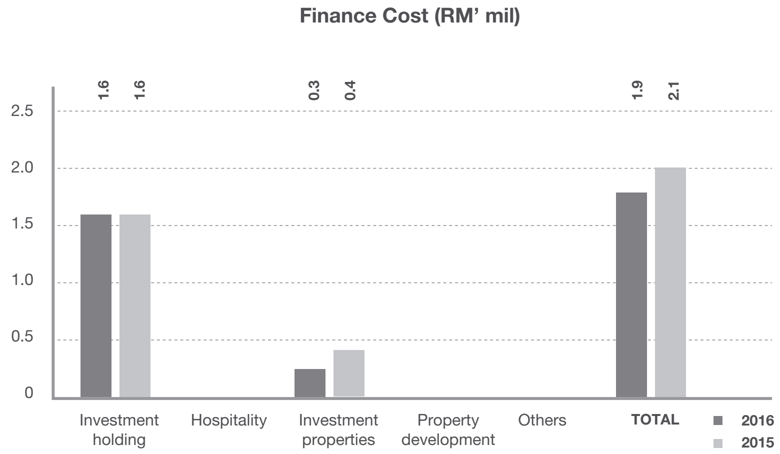
The Group registered a loss before tax of RM4.6Mil as compared to a profit before tax of RM9.2Mil in the preceding year. The previous year profit is primarily due to a one-off gain from Debt Restructuring Exercise of RM30.9Mil in 2015. The RM30.9Mil is disclosed as Other Income.

Despite the 24% drop in revenue, the Group's Operating Loss in 2016 of RM2.7Mil is lower than the Operating Loss of RM19.7Mil in 2015. This was mainly attributable to the provision for foreseeable losses of RM17.7Mil in 2015.



MANAGEMENT DISCUSSION AND ANALYSIS

Finance cost



Finance cost relates to the Islamic term loans and overdraft facilities utilized for project development and working capital purposes. The minor decrease in finance cost in 2016 was mainly due to a revision of BFR by Bank Islam from 6.85% p.a. to 6.60% p.a. in July 2016.

ASSET CHANGES

Property, Plant and Equipment

Property, Plant and Equipment has reduced approximately RM3.1Mil mainly due to depreciation charges. There was a replacement of motor vehicles amounting to RM501,000 in 2016 as well as RM430,000 for hotel upgrading work recorded during the year.

Land Held for Development

The decrease of RM2.0Mil Land Held for Development relates to the Land in Mukim Pulai, Johor which was disposed for RM3.3Mil in third quarter of 2016. This gain is reflected in Other Operating Income.

Property Development Expenditure

The decrease in property development expenditure of RM1.5Mil was due to the capitalisation of finance cost of RM2.5Mil, cost incurred in relation to contractors and consultants of RM2.6Mil and accrual of RM0.8Mil additional development cost of Phase 1 BTR. This is offset by the transfer of RM6.8Mil completed unsold units in Phase 1 BTR to inventory and RM0.8Mil project costs being recognised in Statements of Comprehensive Income in the year.

Inventories

The increase in inventory by RM6.5Mil relates to the remaining unsold shops from Phase 1 BTR Project.

Liquidity

The Cash and Bank Balance as at 31 Dec 2016 was higher by 19% as compared to the corresponding 2015 due to improved collection primarily from buyers of Phase 1 BTR. Debts collectability period for the Hotel receivables had also improved to 38 days in 2016 as compared to 49 days in the preceding year.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL REQUIREMENT, STRUCTURE AND RESOURCES

Total term loans and bank overdraft has increased from RM52.3Mil in 2015 to RM58.1Mil in 2016. The increase of approximately RM5.8Mil mainly consist of RM2.7Mil term loans during the year and RM2.8Mil bank overdraft. Overall, these had resulted in a slight increase in the Group's gearing ratio from 0.46 in 2015 to 0.49 in 2016.

Working capital remains a priority for the Group. Going forward the Group will need to raise funds to finance Phase 2 BTR project and for the renovation of the Renaissance Kota Bharu Hotel as part of the improvement plan. The management is also exploring new development opportunities in Sabah.

KNOWN TRENDS AND MOVING FORWARD

Financial liquidity, uncertainties in global economy and domestic demand are the main challenges for the Group in 2017. Notwithstanding these challenges, the Company sees great potential in Sabah in view of the many infrastructure and Entry Point Projects under the Economic Transformation Program announced by the government.

Given these outlook, the focus of the Group moving forward are:

i) to explore and secure appropriate funding options for its projects and working capital needs;
ii) roll out of the Phase 2 BTR to be strategically planned in accordance with capital availability and market sentiments; and
iii) to secure development projects in Sabah.

DIVIDEND

The Board does not recommend any dividend for the financial year 2016.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Petrus Gimbad
Chairman
(Independent Non-Executive Director)

Datuk Yunus @ Mohd Yunus Bin Awang
Member
(Independent Non-Executive Director)

Mohamed Akwal Bin Sultan Mohamad
Member
(Independent Non-Executive Director)

The Audit and Risk Management Committee ("ARMC") comprises wholly Independent and Non-executive directors and has complied with the composition requirement of Audit Committee stipulated in the Para 15.09(1) of the Listing Requirements.

TERMS OF REFERENCE

Bursa Securities had made some amendments on its Listing Requirements in 2016. One of these amendments was on the Audit Committee's responsibility to review the quarterly results and year-end financial statements. Under this new requirement, before recommending the financial results to the Board for approval, the Audit Committee shall review and report to the Board if there are any significant matters to be highlighted including financial reporting issues, significant judgements made by management as well as any significant and unusual events or transactions, and how these matters are addressed. This requirement is effective 1 July 2016.

In conjunction with this amendment and the new risk management roles assumed by the Committee, the ARMC and the Board have reviewed and adopted the new terms of reference for the ARMC. The new terms of reference was updated in the corporate website of the Company (www.eeb.com.my) for shareholders' reference pursuant to Paragraph 9.25 of the Listing Requirements.

ATTENDANCE

During the financial year ended 31 December 2016, there were Five (5) ARMC Meetings held. Details of attendance by members of the ARMC are as follows:

Director	Number of Meetings Attended	Percentage of Attendance (%)
Petrus Gimbad *(Independent Non-Executive Director)*	5/5	100
Datuk Yunus @ Mohd Yunus Bin Awang Hashim *(Independent Non-Executive Director)*	4/5	80
Mohamed Akwal Bin Sultan Mohamad *(Independent Non-Executive Director)*	5/5	100

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF WORK

The work carried out by the ARMC in discharging its duties and functions during the financial period are summarised as follows:

Ensuring Financial Statements Comply with Applicable Financial Reporting Standards:

The ARMC had reviewed all interim financial statements and results with management and External Auditors. When reviewing the interim financial results in the quarterly meetings, the Executive Directors and Financial Controller are invited to be present in the meetings. During the deliberation, the Executive Directors and Financial Controller have provided explanation to the ARMC for significant financial reporting issues, judgments made as well as material changes in financial performance and compliance with accounting standards and treatments.

The External Auditors were invited to attend and present their findings to the ARMC, when the annual audited financial statements were reviewed. The key considerations in the deliberation of these financial statements were whether the financial statements prepared by management complied with the financial reporting standards and to consider the audit opinion to be rendered by the External Auditors. As part of this review process, the ARMC also had a private session with the External Auditors without the presence of management. This review process ensures that critical issues if any are being objectively brought up to the attention of the ARMC.

Reviewing the Audit Findings of the External Auditors and Assessing their Performance, Suitability and Independence:

Before the commencement of the current financial year audit, the ARMC had reviewed and deliberated with the External Auditors their audit planning memorandum, in particular the audit risk areas, audit approach and audit emphasis, and had also taken note of their independence.

The ARMC also provided the External Auditors with a self-assessment form and took note of their performance, suitability and independence.

Reviewing the Audit Findings of the Internal Auditors and Assessing its Effectiveness and Adequacy of Systems of Internal Control in the Key Operating Processes:

Internal Auditors' findings are important for the ARMC to assess the state of risk management and internal control systems in the Group.

The ARMC had reviewed and approved the Internal Audit Plan to ensure that the direction of the audit and risk assessment is appropriate to the environment in which the Group is operating. Every quarter, apart from the presentation of the Internal Audit Report, the ARMC also discussed with the Internal Auditor on the progress and coverage of the audit plan in order to ensure that the audit direction remains relevant taking into consideration any significant changes in the Group's operating environment.

When reviewing the Internal Audit reports, the ARMC also consider the impact of the audit issues on the effectiveness and adequacy of the risk management and internal control processes of the present management systems. In reviewing and deliberating on the audit issues, the ARMC ensures that it receives a fair and balance view by inviting management to attend the ARMC meetings to provide their response to the audit findings and issues highlighted by the Internal Auditors.

The ARMC had conducted an annual review of the Internal Auditors' performance. The key assessment criteria of this review are independence, competencies and resources. The performance of the Internal Auditors is satisfactory.

Overseeing the Governance Practices in the Company:

Apart from its duties with respect to the financial statements and the External and Internal Auditors, the ARMC is also involved in reviewing the corporate governance practice of the Group.

Before finalising the various governance disclosures in the Annual Report, the ARMC together with all other Board Members and management reviewed the Corporate Governance Statement, ARMC report and Statement on Risk Management and Internal Control. The review process took two rounds from the draft to the final version of the statements before these various statements are formally presented to the Board for adoption and publication in the Annual Report.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF WORK

Overseeing the Governance Practices in the Company:

One of the agenda in the ARMC meeting is to consider related party transactions, if any. When transactions are made with related party, the ARMC, in consultation with the Company Secretaries to ensure that the Bursa Securities Listing Requirements are followed and complied with, will assess if these transactions are made on arm's length basis.

Risk Management

During the financial year the ARMC had reviewed the revised Group risk appetite, the Group's corporate and operational risk profile and deliberated the risks identified and the measures taken by management in managing those risks. The operational risks are segmented into property development operation, project management and hotel management. Progressively, the ARMC reviews the internal audit's verification and findings on the effectiveness of management's risk mitigation and net exposure. Subsequent to these reviews, the ARMC had reported the status of risk management findings to the Board.

INTERNAL AUDIT FUNCTION

Bursa Securities Listing Requirements provide that a listed company must establish an internal audit function which is independent of the activities it audits and reports directly to the ARMC.

The Group had outsourced this function to an internal audit services company. The primary responsibility of the internal auditors is to assist the Board and the ARMC in reviewing and assessing whether the management systems of internal control and procedures are effective and adequate. Further recommendations for improvement will be considered where necessary, in order to strengthen these systems and procedures and to foster a stronger management control environment.

The Internal Auditors have performed its work in accordance with the principles of the international internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns. In order to ensure that the audit focus is on relevant and appropriate risk areas, the internal audit plan was developed in consultation with management taking into consideration the Group's risk profile and the challenges faced. The proposed internal audit plan will then be presented to the ARMC for deliberation and approval before internal audit reviews are carried out.

During the financial year, the Internal Auditors conducted and reported to the ARMC the following:

i. Sales, Marketing and Credit Control of Renaissance Hotel
ii. Property Development in Pasir Mas
iii. Risk Assessment of the Group and Hotel

The internal audit reports containing audit findings, recommendations and management's responses, including target implementation dates, were circulated to all members of the ARMC. The internal audit reports were also provided to management to implement the corrective actions. Follow-up reviews were performed to ascertain the status of management's implementation of the recommended actions.

The fee incurred for the internal audit function in respect of the financial year ended 31 December 2016 was RM60,000 (2015: RM60,000).

STATEMENT OF CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance 2012 ("the Code") sets out the principles and recommendations on the structures and processes that companies may adopt towards achieving effective governance. The Board is pleased to present its statement on how the Board has observed the principles and recommendations suggested in the Code in pursuance of paragraph 15.25 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The overall governance responsibility of the Board is to lead and control the Group. The Board oversees the business direction, development and control of the Group and has taken initiatives to embrace the responsibilities listed in the Code in discharging the Board's stewardship responsibilities.

The Board Charter and schedule of matters provide guidelines to the Board and management with respect to their roles, responsibilities, processes and operations of the Board proceedings and matters reserved for Board approval and delegated to management.

The Board recognises the importance of reviewing and adopting a strategic plan and overseeing the conduct of the business in order to ensure that the business is being properly managed. When implementing the business plan, the Executive Directors are responsible for executing corporate decisions made by the Board while the Non-Executive Directors scrutinizes the management performance by providing independent views and advice in the interests of the shareholders at large. The Board's strategic priority has been to complete the Bandar Tasek Raja project amidst managing the Group's cashflow. Phase 1 of this project was completed and handed over in mid 2016. The rollout of the implementation of Phase 2 of the project which is planned in stages has since commenced. The Board is exploring various options to raise financing for this project and the Group's operation.

Selection of Board Members

In its selection of board members, the Board provides equal opportunity to all candidates who meet the criteria and qualities vis-a-vis the Group's present business portfolios and prospective investments. Candidates for directorship are nominated based on their skills, knowledge, professionalism, character and experience in line with the needs of the Group. The detail profiles of nominated directors will be presented to the Board by the Nominating Committee to assist the Board in making their selection decision.

The Board has seven (7) members with majority of them being Independent Non-Executive Directors. While the Board does not have female director, the Board acknowledges the importance of gender diversity and would ensure that women candidates are sought when considering future candidate for the Board.

A description of the background of each director is presented in their respective profile in pages 6 to 8 of this report.

Board Committees

The Board maintains specific Board committees namely Executive Committee, Audit and Risk Management Committee ("ARMC"), Nominating Committee and Remuneration Committee. These Committees are established to ensure greater attention in the deliberation of specific Board agenda. In order to ensure the direction and control of the Group is firmly within the Board, the Board has defined the terms of reference for each Committee. The Chairman of the respective Board Committees shall report to the Board during the Board meetings on significant and salient matters deliberated in the Committees.

Board's Commitment

The underlying factors of Directors' commitment to the Group are devotion of time and continuous improvement of knowledge and skill sets.

The Board meets at least every quarter and on other occasions, as and when necessary, to inter-alia approve quarterly financial results, statutory financial statements, the annual report as well as to review the performance of the Company and its operating subsidiaries, governance matters and other business development matters.

Board papers are circulated to the Board members prior to the Board meetings in order to provide the Board members with timely information, to enable them to deliberate issues more effectively during the Board meetings.

STATEMENT OF CORPORATE GOVERNANCE

Board's Attendance

During the financial year, five (5) Board meetings were held. Details of attendance by the members are set out below.

Director	Number of Meetings Attended	Percentage of Attendance (%)
Dato' Sri Abdul Hamidy Bin Abdul Hafiz *Independent Non-Executive Chairman*	5/5	100%
Datuk Yunus @ Mohd Yunus Bin Awang Hashim *Independent Non-Executive Deputy Chairman*	4/5	80%
Melvinyeo Kiandee *Executive Director*	5/5	100%
Mau Kam Wai *Executive Director*	5/5	100%
Tan Chin Hong *Executive Director*	5/5	100%
Petrus Gimbad *Independent Non-Executive Director*	5/5	100%
Mohamed Akwal Bin Sultan Mohamad *Independent Non-Executive Director*	5/5	100%

Board's Succession Planning

The Board is conscious of the need for management succession. The Board's current emphasis is to appoint calibre personnel to fill in the key management position before developing the pipeline of leaders for orderly succession of senior management.

Board's Code of Ethics

Besides Board Charter, the Board has also set out a Code of Ethics to provide guidance to stakeholders on the ethical behaviours expected from the Group. Both the Board Charter and Code of Ethics are published in the Company's website at www.eeb.com.my. The Board will review these Board Charter and Code of Ethics periodically to ensure that they remain relevant with the Board's objective, current law and practices.

Board's Policies

The Board has reviewed and adopted the Board Charter and Policies on Board diversity, personal data protection, corporate disclosure, management succession, assessment and remuneration for directors, sustainability, whistle blowing and share trading.

Shareholder's Communication

The Company has maintained a corporate website to ease the shareholders and stakeholders to provide their feedbacks to the Group. The Company will ensure that this website is updated and feedback received are communicated to the Group for consideration when making business decisions.

With regards to the Company's strategies to promote sustainability, the Executive Directors require management of the business units in the Group to comply with statutory regulations on safety and health and to promote appropriate environmental practices.

Access to Information

The Board is provided with appropriate and current information to enable it to discharge its duties effectively. During the board meeting, the Board will revisit the board agenda to ensure that proper and adequate board agenda are covered for board deliberation during its meeting. The management is invited to attend the Board and ARMC meetings to provide explanations to the Board on the operations of the Group. The Board is also briefed progressively by the Company Secretary, External Auditors and the Internal Auditors on new or changes in corporate regulatory and Listing Requirements.

STATEMENT OF CORPORATE GOVERNANCE

The Board has unrestricted access to all information and assistance necessary for the discharge of its responsibilities. Subject to Board's approval, all Board members could seek independent professional advice in discharging their responsibilities, at the expense of the Group.

When accessing for information from the management, Board Members ensure that such access is done through the Executive Directors and would not distract the business operation of the Group.

Company Secretary

All Board Members are authorised to seek for advice and services of the Company Secretary for the purposes of the Board's affairs and the business and to support the Board in discharging its roles and responsibilities.

The appointment and removal of the Company Secretary or Secretaries of the Board is the prerogative of the Board as a whole. Presently, the Company Secretarial function is outsourced to Boardroom Corporate Services (KL) Sdn Bhd. The current Company Secretaries are qualified and competent professionals.

The Company Secretaries are responsible for ensuring that Board procedures are followed, the applicable rules and regulations for the conduct of the affairs of the Board are complied with and all matters associated with the maintenance of the Board are performed effectively. New regulatory rules and requirements are brought up and disseminated by the Company Secretaries to the Board immediately while periodic disclosure on related party transactions, share trading, quarterly announcements on provision of financial assistance, quarterly financial results, various deadlines for filing and reporting as well as semi-annual return by directors are followed up by the Company Secretaries to ensure compliance with the deadlines.

In addition, the Company Secretaries ensure minutes are duly entered into the books for all resolutions and proceedings of all meetings of the Board and Board Committees. These minutes of meetings record the decisions taken and the views of individual Board Members. Such minutes are confirmed by the respective Board Committees and signed by Chairman of the meeting.

PRINCIPLE 2: STRENGTHEN COMPOSITION

The Nominating Committee is empowered to establish formal and transparent procedures to review the effectiveness, contribution and performance of the Board, Board Committees and Board members and the independence of its Independent Directors. The objective of this review is to ensure that the Board's size, structure and composition meet the needs and expectations of the Company and adhere to the Listing Requirements.

The Nominating Committee is also responsible for reviewing and making recommendations for appointments to the Board for approval. The Nominating Committee assess the mix of skills, experience and other qualities of new candidate and existing members to ensure that the Board is able to function competently within the appropriate size and composition.

Board's Performance Evaluation

The performance evaluation of the Board is conducted by way of self-assessment. Directors are required to fill up the self-assessment forms and provide their feedback, views and suggestions for improvement. The results of these self-assessment forms are compiled and tabled to the Nominating Committee for review and deliberation. Amongst others, the criteria used for these board and director performance appraisals are:

i. Effectiveness of the board structure and board proceedings
ii. Abilities covering qualification, knowledge, experience, skill sets and technical abilities
iii. Participation, contribution and performance
iv. Personality and calibre

Board's Remuneration

The remuneration of the Executive Directors and Non-Executive Directors are reviewed by the Remuneration Committee and the Board respectively. All directors play no part in the decision of their own remuneration.

STATEMENT OF CORPORATE GOVERNANCE

In determining the directors' remuneration, the Committee considers the principles recommended by the Code. Executive Directors are remunerated based on the Group's performance, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors are determined in accordance with their experience and the level of responsibilities assumed.

During the financial year, the Remuneration Committee had conducted one meeting. The remuneration of the directors are summarised along the following income bands:

Entity	**Remuneration Bands**	**Current Directors**	
		Executive (ED)	**Non-Executive (NED)**
Received from the Company	RM50,000 and below	-	-
	RM50,001 – RM100,000	-	2
	RM100,001 – RM200,000	-	2
	RM200,001 – RM300,000	3	-
	Total	**3**	**4**

The aggregate remuneration paid or payable to all Directors of the Company are further categorised into the following components:

	Received from the Company	
	ED	**NED**
Fees	-	336,000
Salaries	648,000	-
Allowance	-	16,000
EPF and SOCSO	79,072	-
Benefit-in-Kind	21,183	30,950
Total	**748,255**	**382,950**

Re-election of Directors

All directors are required to retire but are eligible to submit themselves for re-election at least once in every three (3) years. This requirement allows shareholders to assess the directors' performances and contributions and, if required, to replace them. The agenda of the retiring directors is discussed at the Board meeting. The retiring directors shall abstain from deliberation of their performance.

Directors' re-election provides an opportunity for shareholders to review the director's performance and renew their mandate conferred to the Directors. The Articles of Association of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM").

Profile of directors standing for re-election including details of their profession, meeting attendance, directorships in other public companies and shareholdings in the Group are summarised in the Profile of the Board of Directors.

STATEMENT OF CORPORATE GOVERNANCE

Summary of Activities in Nominating Committee Meeting

During the financial year, the Nominating Committee conducted one (1) meeting. This meeting was attended by all members of the Committee. At this meeting, the Nominating Committee:

i. Reviewed the effectiveness of Board Committees and the Board as a whole;
ii. Reviewed the contribution of each individual Director via self-assessment;
iii. Reviewed the required mix of skills and experience of the Board and the competency of the Directors, based on the self-assessment performed by every Director;
iv. Reviewed the timeliness of Board Papers and Meeting Minutes;
v. Reviewed Character, Experience, Integrity and Competency of the Directors; and
vi. Reviewed the Independence Level of independent directors.

On Gender Diversity, the Board acknowledged the importance and intends to fulfill this in due course.

The Board is also looking into further enhancing the performance review process for the Chief Executive Officer and Financial Controller. The Company currently does not have a CEO and is in the process of identifying a suitable candidate to fill the position. The CEO duties are currently assumed by the Executive Committee which consists of all the Executive Directors.

PRINCIPLE 3: REINFORCE INDEPENDENCE

Independence is important for ensuring objectivity and fairness in Board's decision making.

The Chairman of the Board is an Independent Director. Shareholders are encouraged to express their concerns to and seek clarification from the Chairman. Alternatively, they could also direct their concerns to Datuk Yunus @ Mohd Yunus Bin Awang Hashim who is the named Senior Independent Director, by emailing to datukmohdyunus@eeb.com.my

In order to uphold the independence of Independent Directors, the Board continues to adopt the following policies and practices as recommended by the Code:-

i. Subject to Board justification and shareholders' approval, the tenure of Independent Directors should not exceed a cumulative term of nine (9) years; and

ii. Annual assessment of the independence of Independent Directors focusing on events that would affect the ability of Independent Directors to make independent and objective judgment to Board deliberation and to comply with the regulatory definition of Independent Directors.

None of the current Independent Directors have served more than nine (9) years in the Board. Accordingly, no shareholders' approval is needed to be sought for maintaining the independent directorship of these directors in the AGM.

PRINCIPLE 4: FOSTER COMMITMENT

Any Board Member, while holding office, is at liberty to accept other board appointments (outside the Group) so long as the appointment is not in conflict with the business of the Group and that it would not detrimentally affect his or her performance as a board member of the Company. Before accepting an offer of appointment of other directorships, the Board members must notify the Chairman of the Board.

Director's Trainings

The Board Members recognise the need to be up-to-date, to enable them to discharge their duties effectively. The Board is updated regularly by the Company Secretary and management on the training programme available by regulators and professional bodies. Board members are advised by the Nominating Committee to attend the relevant trainings based on their needs.

STATEMENT OF CORPORATE GOVERNANCE

The present Board members have attended the following trainings:

Director	Training Attended	Date	Duration
Dato' Sri Abdul Hamidy Bin Abdul Hafiz	Directors' Training on Corporate Governance Guide (2nd edition) and Latest Updates on Listing Requirement of Bursa Malaysia	23/5/2016	3 hours
	Breakfast Series with Directors: " Anti-corruption & Integrity - Foundation of Corporate Sustainability" by Bursa Malaysia	8/12/2016	3 hours
Datuk Yunus @ Mohd Yunus Bin Awang Hashim	Directors' Training on Corporate Governance Guide (2nd edition) and Latest Updates on Listing Requirement of Bursa Malaysia	23/5/2016	3 hours
Melvinyeo Kiandee	Risk Management Briefing and Assessment Workshop	13/5/2016	2.5 hours
	The Strata Titles (Amendments) Act + Strata Management Act by Association of Consulting Architects Malaysia	14/5/2016	7 hours
	Directors' Training on Corporate Governance Guide (2nd edition) and Latest Updates on Listing Requirement of Bursa Malaysia	23/5/2016	3 hours
	Conference KL 2016 by Pertubuhan Akitek Malaysia Conference	22-23/7/2016	9 hours
Mau Kam Wai	Risk Management Briefing and Assessment Workshop	13/5/2016	2.5 hours
	Directors' Training on Corporate Governance Guide (2nd edition) and Latest Updates on Listing Requirement of Bursa Malaysia	23/5/2016	3 hours
Tan Chin Hong	Invitation to the New Auditor's Report - Sharing the UK Experience by Securities Commission Malaysia	13/1/2016	3 hours
	Capitalising on the Growth of Shariah Investing Bursa Malaysia	24/2/2016	4 hours
	Framework based teaching and understanding of financial reporting standards workshop by Malaysia by MIA	14/3/2016	8.5 hours
	Risk Management Briefing and Assessment Workshop	13/5/2016	2.5 hours
	The Strata Titles (Amendments) Act + Strata Management Act by Association of Consulting Architects Malaysia	14/5/2016	7 hours
	Directors' Training on Corporate Governance Guide (2nd edition) and Latest Updates on Listing Requirement of Bursa Malaysia	23/5/2016	3 hours
Petrus Gimbad	Invitation to the New Auditor's Report - Sharing the UK Experience by Securities Commission Malaysia	13/1/2016	3 hours
	Framework based teaching and understanding of financial reporting standards workshop by Malaysia by MIA	14/3/2016	8 hours

STATEMENT OF CORPORATE GOVERNANCE

Director	Training Attended	Date	Duration
Petrus Gimbad	An Overview of the Impacts of MFRS 9 Financial Instruments by MIA	30/3/2016	8 hours
	Fraud Risk Management workshop by Bursa Malaysia	5/4/2016	3.5 hours
	Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies by Bursa Malaysia	4-5/5/2016	12 hours
	CG Breakfast Series with Directors by Bursa Malaysia - The Strategy, the Leadership, the stakeholders and the Board	6/5/2016	3 hours
	Directors' Training on Corporate Governance Guide (2nd edition) and Latest Updates on Listing Requirement of Bursa Malaysia	23/5/2016	3 hours
	CG Breakfast Series for Directors : Future of Auditor Reporting - The Game Change for Boardroom by Bursa Malaysia	27/6/2016	2.5 hours
	Internal Capital Adequacy Assessment Process (ICAAP) Banks by Iclif Leadership and Governance Centre	15-16/8/2016	16 hours
	CG Breakfast Series Directors - The Cybersecurity Threat and How Board Should Mitigate the Risks by Bursa Malaysia	18/11/2016	3 hours
Mohamed Akwal Bin Sultan Mohamad	CG Breakfast Series with Directors by Bursa Malaysia - The Strategy, the Leadership, the stakeholders and the Board	6/5/2016	3 hours
	Directors' Training on Corporate Governance Guide (2nd edition) and Latest Updates on Listing Requirement of Bursa Malaysia	23/5/2016	3 hours

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board is responsible to ensure the financial statements of the Company presents a fair and balanced view of the Group's financial position, performance and prospects and that such financial statements are drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards. The Board is assisted by the ARMC in reviewing the accuracy, adequacy and completeness of disclosure and ensuring the Group's financial statements comply with applicable financial reporting standards.

The main business activities of the Group are the Bandar Tasek Raja development project in Pasir Mas Kelantan and the hotel operations in Renaissance Hotel in Kota Bharu, Kelantan. In reviewing the quarterly and annual financial results, the ARMC makes due enquires to management on these activities, their impacts and related financing obligations on the performance and results of the Group.

External Auditors

The Company is in the process of developing a policy for assessing the suitability and independence of External Auditors. Currently, the External Auditors conducts self-assessment on their performance and is tabled at the ARMC.

The present External Auditors was engaged since the financial year ended 2008. The ARMC reviews the appointment, performance and remuneration of the External Auditors annually before recommending them to the Board to put forward to the shareholders for re-appointment in the AGM. The External Auditors affirm their independence to the ARMC during the presentation of their audit planning memorandum and the final audited report.

STATEMENT OF CORPORATE GOVERNANCE

In the financial year, the ARMC had three (3) meetings with the External Auditors during the audit planning, presentation of the interim and final audit results. In these meetings, the External Auditors also advised the ARMC on the new accounting standards and internal control issues relating to financial reporting.

Non-Audit Services

During the financial year, the audit fee and non-audit fees for services provided by the External Auditors to the Group and the Company respectively for the financial year ended 31 December 2016 are as follows:

Fees incurred	Audit Fee RM'000	Non-Audit Fees RM'000
The Company	43	11
The Group	134	11

The ARMC and the Board are of the view that the provision of non-audit services to the Group did not impair, or was not perceived to impair the independence and objectivity of the External Auditors.

Internal Auditor

The ARMC reviews the internal audit plan annually to ensure the scope of work are aligned to key risk areas. Further details on the internal audit activities are reported in the ARMC Report on page 14.

When the Internal Auditors present their findings, the ARMC will invite management to be present in the meeting to provide clarification and explanation and to update on the status of management's implementation plan.

Private Meeting without the Presence of Executive Management

The ARMC also convenes meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group to enable an objective and independent exchange of comments as well as to raise matters of concern which require the ARMC's attention.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

The Board acknowledges that risk management is an integral part of good management practices and has put in place a Risk Management Policy which covers the risk management responsibilities of the Board and management.

In accordance with the Group's Risk Policy, the Executive Committee assists the Board in reviewing, monitoring and tracking operational challenges as well as aligning timely action plans in order to achieve the desired financial performance.

The Group has identified the financial and operating risks relating to the challenges faced in Bandar Tasek Raja project as being one of the priority risks. To mitigate these risks, Phase 2 of this project is planned for roll out in stages to be in line with prevailing market condition and to explore other business opportunities. The Board also recognises the importance of monitoring the risks related to the Hotel in view of it being a significant contributor to the Group revenue. The Board is exploring various options to raise financing for the Group's operations.

The Board is assisted by an Internal Audit function, which is currently outsourced to a professional firm. Functionally, the Internal Auditors reports to the ARMC directly and is responsible for conducting periodic reviews and appraisals on the effectiveness and adequacy of governance, risk management and internal controls within the Group.

Further details of the Internal Audit Function and the Group's state of Risk Management and Internal control systems and the process of reviewing the systems of risk management and internal control are reported in the ARMC Report and Statement on Risk Management and Internal Control respectively.

STATEMENT OF CORPORATE GOVERNANCE

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate disclosure and information are important for investors and shareholders. The Board vis-à-vis its corporate disclosure policy, is advised by the management, Company Secretary, the External and Internal Auditors on the content and timing of disclosure requirements of Bursa Malaysia's Listing Requirements on the financial results and various other announcements.

Besides ensuring timely releases of quarterly financial results, circulars, annual reports, corporate announcement and press releases on Bursa's website, the Board leverages on its corporate website to communicate, disseminate and provide further information and details on governance reporting and information such as Board Charter and Board committees' terms of reference. Investor Relations information, financial information and corporate announcements can also be accessed on this website.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

In order to encourage shareholders' participation in the general meetings, the Board would ensure that the Notice of the AGM is sent to shareholders at least 21 days ahead of the date of general meeting and to provide sufficient time and opportunity to the shareholders to seek clarification during general meetings on any matters pertaining to the business activities and financial performance of the Group.

General meetings empower shareholders to exercise their rights. Shareholders are provided with opportunity to participate in the question and answer session in which shareholders may raise questions regarding the proposed resolutions at the general meeting and matters relating to the Group's businesses and affairs. The Chairman and the Board members are present at the general meetings to respond to shareholders' queries.

Effective 1 July 2016, Para 8.29A of the Bursa Securities Listing Requirements provides that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, shall be voted by poll. Also, at least one scrutineer will be appointed to validate the votes cast at the general meeting who must not be an officer of the Company or its related corporation, and must be independent of the person undertaking the polling process.

Items of special business included in the notice of AGM will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for separate issues at the meeting and the Chairman would declare the number of proxy votes received both for and against each separate resolution where appropriate.

The Board would respond to meetings with institutional shareholders, analysts and members of the press to convey information regarding the Group's performance and strategic direction as and when requested.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that:

I. The annual audited financial statements of the Group and of the Company are drawn up in accordance with applicable FRS, the provisions of the Companies Act, 1965 and the Main Market Listing Requirements so as to give a true and fair view of the state of affairs of the Group and the Company for the financial year and of the results and cash flows of the Group and of the Company for the financial year, and

II. Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the financial year ended 31 December 2016, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements with reasonable and prudent judgements and estimates. The Directors are also satisfied that the statements are prepared on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future and all relevant approved accounting standards have been followed in the preparation of the financial statements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors is pleased to provide the following Statement on Risk Management and Internal Control of the Group, which had been prepared in accordance with the "Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers."

RISK MANAGEMENT AND INTERNAL CONTROL

The Board understands the principal risks of the business that the Group is engaged in and is committed towards maintaining a sound system of risk management and internal control towards achieving its business objectives and operational efficiency.

The Board had approved the Group Risk Policy which outlined the principles of risk management, the Board's and the management's risk management responsibilities and the objectives that the Board expects to achieve by putting in place a formal, structured and documented integrated risk management framework for the Group.

The risk management processes for identifying, evaluating and managing significant risks facing the organization are embedded in the operating and business processes which are overseen by all Executive Directors and management team members in the course of their work. Management had formed an Executive Committee ("EXCO") and the members of this EXCO comprise all Executive Directors, and assisted by the Financial Controller and Project Manager. Key matters on financial performance, operation and market are reviewed and deliberated at the EXCO meetings where causes and reasons for performances are analysed in order to identify the appropriate measures to manage risks effectively.

During the financial year, two risk assessment exercises were conducted. In these exercises, the Board have reviewed and reassessed the Group risk appetite, the Group's present corporate and operational level risks and deliberated the risks identified as well as the measures taken by management in managing these risks. The operational risks are segmented into property development, project management and hotel management.

The primary risk focus of the Board is to improve the cash flows of the Group and to strengthen its revenue stream.

The Board uses the following key controls, processes, information and review mechanisms to follow up on the progress of management actions and to derive comfort on the state of internal control and risk management in the Group:

- Board discussions with management during the board meetings on business and operational issues as well as the measures taken by management to mitigate and manage risks associated with the business and operational issues;
- Delegation and separation of responsibilities between the Board and management. The Executive Directors report to the Board on the performance of the operations while the Board scrutinizes the management performance in order to ensure objectivity in assessing its effectiveness;
- The EXCO meets periodically to discuss and review the Group's cash flows, financial and business units' performances, funding and operational issues in order to ensure that challenges and risks are addressed timely and appropriately;
- The Audit and Risk Management Committee ("ARMC") reviews and discusses with the management on the unaudited quarterly financial results, to monitor the Group's progress towards achieving the Group's objectives;
- The ARMC also discusses with the External Auditors on key concerns and findings on financial and internal control matters at the audit planning, interim and final stage of the audit including any follow up action required by management, the EXCO and Internal Audit;
- Legal advices are sought when needed to ensure that contractual risks are appropriately addressed and managed before entering into material contracts or agreements;
- Management assurance that the Group's risk management and internal control systems are adequate and effective, in all material respects, through constant and open communication between the management and the EXCO on operational matters; and
- The internal audit function assists the ARMC and the Board to conduct an independent assessment on the internal control systems and the governance practices. The Internal Auditors conduct periodic reviews in accordance with the audit plan and scope approved by the ARMC.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa's Guidelines, management is responsible to the Board for identifying risks relevant to the Group's business objectives, implementing strategies, maintaining sound systems of risk management and internal control, and monitoring and reporting to the Board on significant control deficiencies and changes in risks that could significantly affect the Group's achievement of its objective and performance.

When producing this Statement, the Board has received assurance from the Executive Directors, and the Financial Controller that to the best of their knowledge that the Group's risk management and internal control systems are adequate and effective, in all material aspects.

BOARD ASSURANCE AND LIMITATION

For the financial year under review, the Board is satisfied that the existing level of risk management and internal control systems are effective to enable the Group to achieve its business objectives and there were no material losses arising from significant control weaknesses that require additional disclosure in the Annual Report.

The Board recognizes that the system of risk management and internal control should be continuously improved, consistent with the evolving business and operating environment. Nonetheless, it should be noted that all risk management and internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, the systems of risk management and internal control in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement for inclusion in this Annual Report for the year ended 31 December 2016 and have reported that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the systems of risk management and internal control of the Group.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. UTILISATION OF PROCEEDS

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2016.

2. SHARE BUY-BACKS

There was no share buy-backs effected during the financial year ended 31 December 2016.

3. OPTIONS OR CONVERTIBLE SECURITIES

There were no options or convertible securities issued by the Company during the financial year ended 31 December 2016.

4. DEPOSITORY RECEIPT PROGRAMME

There were no depository receipt programmes sponsored by the Company during the financial year ended 31 December 2016.

5. SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company, its subsidiaries, Directors and management by the relevant regulatory bodies which have material impact on the operations or financial position of the Group during the financial year ended 31 December 2016.

6. NON-AUDIT FEES

The non-audit fees paid or payable to the external Auditors and its affiliates by the Group during the financial year ended 31 December 2016 in respect of the review on the Statement on Risk Management and Internal Control and Supplementary Information on the Disclosure of Realised and Unrealised Profit or Loss amounted to RM11,000.

7. VARIATION IN RESULTS

There was no variation in the financial results of 10% or more from unaudited results announced.

8. MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2016 or entered into since the end of the previous financial year.

9. PROFIT GUARANTEES

The Group did not provide or receive any profit guarantee during the financial year ended 31 December 2016.

10. CONTRACTS RELATING TO LOANS

There were no contracts relating to loans by the Group involving the interests of Directors and major shareholders during the financial year ended 31 December 2016.

11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Company did not enter into any recurrent related party transactions during the financial year ended 31 December 2016.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to be a responsible corporate citizen by ensuring that it operates in an economic, social and environmentally sustainable manner and that its activities contribute to society's environmental and social well being.

In 2016, our priority is to help the under-privileged and lower income group especially within the community where we operate our business. Through Renaissance Kota Bharu Hotel's "Spirit to Serve", the following programs have been carried out:

1. **Blood Donation**
   - With the support from Renaissance Kota Bharu Hotel staff, we collaborated with Hospital Universiti Sains Malaysia, Kubang Kerian for blood donation. A total of 105 pints of blood were collected.

2. **Chicken Dance for Charity ("CDFC")**
   - As a part of Marriott Malaysia Millennial Business Council initiative, we had participated in a CDFC countrywide performance on the 26 September 2016 at 6.00 PM. This program was participated by all Malaysia Marriott properties. The amount collected from this program was contributed to Malaysian AIDS foundation.

3. **Iftar Ramadhan Amal**
   - Renaissance Kota Bharu Hotel invited orphans from Darul Naim to celebrate Iftar Ramadhan and also donated "Duit Raya" to the orphans.

4. **Trash Warrior : Gotong Royong around Pantai Cahaya Bulan (Tourism Visit)**
   - Collaborated with Malaysian Association of Hotels (MAH), Kelantan Chapter to clean up Pantai Cahaya Bulan, one of the famous places for tourist to visit in Kelantan.

Financial Statements

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries and associate are disclosed in Notes 14 and 15 to the financial statements.

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

RESULTS

	Group RM	Company RM
Loss for the financial year, net of tax	(4,783,853)	(795,041)
Attributable to:-		
Owners of the Company	(4,783,853)	(795,041)

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2016.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

DIRECTORS' REPORT

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 method 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 or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

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

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Dato' Sri Abdul Hamidy Bin Abdul Hafiz
Datuk Yunus @ Mohd Yunus Bin Awang Hashim
Mau Kam Wai
Melvinyeo Kiandee
Tan Chin Hong
Mohamed Akwal Bin Sultan Mohamad
Petrus Gimbad

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interest in the Company

	Number of ordinary shares of RM0.50/- each			
	At 1.1.2016	**Bought**	**Sold**	**At 31.12.2016**
Direct interest				
Melvinyeo Kiandee	8,397,500	-	-	8,397,500
Indirect interest				
Tan Chin Hong *	18,953,928	-	620,000	18,333,928

* Deemed interested by virtue at his directorship and shareholding in Prestige Pavilion Sdn. Bhd. and Danhwa Holding Sdn. Bhd. and deemed interested by virtue of shares held by his sister, Adeline Tan Wan Chen and his brother, Tan Chin Hao.

By virtue of their interests in the ordinary shares of the Company, Tan Chin Hong and Melvinyeo Kiandee are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

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 benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Directors' Remuneration and Note 31 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements or any of its related where the 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.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event subsequent to the end of the financial year is disclosed in Note 35 to the financial statements.

DIRECTORS' REPORT

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

…………………………………..
MAU KAM WAI
Director

…………………………………..
TAN CHIN HONG
Director

Kuala Lumpur

Date: 20 April 2017

STATEMENT BY DIRECTORS

We, **MAU KAM WAI** and **TAN CHIN HONG**, being two of the directors of EASTLAND EQUITY BHD., do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 41 to 105 are drawn up in accordance with the Financial Reporting Standards and the requirements of 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 at 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 106 has been prepared in accordance with the Guidance of 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 and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

…………………………………………..
MAU KAM WAI
Director

…………………………………………..
TAN CHIN HONG
Director

Kuala Lumpur

Date: 20 April 2017

STATUTORY DECLARATION

I, **TAN CHIN HONG**, being the director primarily responsible for the financial management of EASTLAND EQUITY BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 41 to 105 and the supplementary information set out on page 106 are 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.

…………………………………………..
TAN CHIN HONG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory
on 20 April 2017

Before me,

…………………………………………..
TAIB AHMAD (No.W712)
Commissioner for Oaths
Kuala Lumpur Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTLAND EQUITY BHD. (Incorporated in Malaysia)

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Eastland Equity Bhd., which comprise the statements of financial position as at 31 December 2016 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 the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 41 to 105.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Trade receivables (Note 4(d) and Note 21 to the financial statements)

We focused on this area because the directors made judgements over both the events or changes in circumstances indicating that trade receivables are impaired and the estimation of the size of any such impairment. The trade receivables are monitored individually by management and therefore the impairment is assessed based on knowledge of each individual receivable.

Our response:
Our audit procedures included, among others:

- developing an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports or other collection reports;
- obtaining confirmation of balances from selected receivables;
- reviewing receipts of collections subsequent to the financial year end, customer correspondence, and considering level of activity with the customer and explanation on recoverability with significantly past due balances; and
- assessing the reasonableness of impairment charges for identified credit exposures.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTLAND EQUITY BHD. (Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTLAND EQUITY BHD. (Incorporated in Malaysia)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

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

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 Companies Act 1965 in Malaysia to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Companies Act 1965 in Malaysia.

(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 auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 106 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 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. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTLAND EQUITY BHD. (Incorporated in Malaysia)

Other Matters

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 contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Ng Boon Hiang
No. 2916/03/18 (J)
Chartered Accountant

Kuala Lumpur

Date: 20 April 2017

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Revenue	5	24,155,672	31,660,137	472,877	437,149
Other operating income	8(i)	2,101,987	33,038,229	3,155,092	42,444
Staff costs:					
- Hotel operations		(5,558,712)	(4,504,292)	-	-
- Others		(1,924,817)	(1,846,672)	(706,308)	(589,926)
Directors' remuneration	31(c)	(1,079,072)	(1,017,760)	(1,079,072)	(1,017,760)
Finance (costs)/income (net)	7	(1,834,150)	(1,973,940)	(1,627,829)	(1,593,677)
Property development expenditure	18	(792,742)	(22,732,387)	-	-
Cost of sales for completed properties		19,249	(596,000)	-	-
Consumables used		(2,102,578)	(2,453,529)	-	-
Depreciation of property, plant and equipment	11	(4,075,453)	(4,028,290)	(146,203)	(130,973)
Provision for liabilities		(877,664)	(2,563,085)	-	-
Other operating expenses		(12,622,829)	(13,811,740)	(863,598)	(29,231,203)
(Loss)/Profit before tax	8	(4,591,109)	9,170,671	(795,041)	(32,083,946)
Income tax expense	9	(192,744)	(406,527)	-	-
(Loss)/Profit for the financial year		(4,783,853)	8,764,144	(795,041)	(32,083,946)
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the financial year		(4,783,853)	8,764,144	(795,041)	(32,083,946)
(Loss)/Profit attributable to:					
Owners of the Company		(4,783,853)	8,764,144	(795,041)	(32,083,946)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(4,783,853)	8,764,144	(795,041)	(32,083,946)
Earnings per ordinary share attributable to Owners of the Company (Sen)					
Basic (loss)/earnings per ordinary share	10(a)	(1.95)	3.57		
Diluted (loss)/earnings per ordinary share	10(b)	(1.95)	3.57		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	115,819,203	118,923,434	587,182	228,164
Investment properties	12	87,450,000	87,450,000	-	-
Prepaid land lease payments	13	2,060,528	2,071,712	-	-
Investment in subsidiaries	14	-	-	197,502,903	197,508,497
Investment in an associate	15	-	-	-	-
Other investment	16	494,268	477,288	494,268	477,288
Land held for development	17	-	2,000,000	-	-
Total non-current assets		205,823,999	210,922,434	198,584,353	198,213,949
Current Assets					
Property development expenditure	18	53,262,901	54,789,085	-	-
Inventories	19	11,218,834	4,670,820	-	-
Financing receivables - secured	20	-	-	-	-
Trade and other receivables	21	6,410,282	7,704,115	21,334	22,260
Accrued billings		877,005	1,975,016	-	-
Amount owing by subsidiaries	22	-	-	6,238,311	5,534,117
Tax recoverable		2,077,398	2,122,894	-	-
Deposits placed with licensed banks	23	2,389,655	1,918,428	-	-
Cash and bank balances	24	2,046,533	1,706,581	30,163	36,484
Total current assets		78,282,608	74,886,939	6,289,808	5,592,861
TOTAL ASSETS		284,106,607	285,809,373	204,874,161	203,806,810

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	25	122,833,988	122,833,988	122,833,988	122,833,988
Share premium	26 (a)	335,001	335,001	335,001	335,001
Capital reserve	26 (b)	110,238,037	110,238,037	110,238,037	110,238,037
Revaluation reserve	26 (c)	524,794	524,794	-	-
Accummulated losses		(42,619,870)	(37,836,017)	(51,557,025)	(50,761,984)
TOTAL EQUITY		191,311,950	196,095,803	181,850,001	182,645,042
Non-Current Liabilities					
Loans and borrowings	27	27,461,601	25,452,109	309,556	105,813
Deferred tax liabilities	28	12,610,650	12,695,417	-	-
Total non-current liabilities		40,072,251	38,147,526	309,556	105,813
Current Liabilities					
Trade and other payables	29	16,440,416	19,222,538	64,157	76,329
Amount owing to subsidiaries	22	-	-	22,552,220	20,948,540
Loans and borrowings	27	30,649,022	26,889,369	98,227	31,086
Provisions for liabilities	30	5,632,968	5,454,137	-	-
Total current liabilities		52,722,406	51,566,044	22,714,604	21,055,955
TOTAL LIABILITIES		92,794,657	89,713,570	23,024,160	21,161,768
TOTAL EQUITY AND LIABILITIES		284,106,607	285,809,373	204,874,161	203,806,810

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Attributable to Owners of the Company						
		Non-Distributable				Distributable	
	Share Capital RM	Share Premium RM	Capital Reserve RM	Fair Value Reserve RM	Revaluation Reserve RM	Accumulated Losses RM	Total Equity RM
Group							
At 1 January 2015	122,833,988	335,001	110,238,037	(22,696)	524,794	(46,577,465)	187,331,659
Total comprehensive income for the financial year	-	-	-	-	-	8,764,144	8,764,144
Transfer	-	-	-	22,696	-	(22,696)	-
At 31 December 2015	122,833,988	335,001	110,238,037	-	524,794	(37,836,017)	196,095,803
Total comprehensive loss for the financial year	-	-	-	-	-	(4,783,853)	(4,783,853)
At 31 December 2016	122,833,988	335,001	110,238,037	-	524,794	(42,619,870)	191,311,950

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Attributable to Owners of the Company					
	Non-distributable				Distributable	
	Share Capital RM	Share Premium RM	Capital Reserve RM	Fair value Reserve RM	Accumulated Losses RM	Total Equity RM
Company						
At 1 January 2015	122,833,988	335,001	110,238,037	(22,696)	(18,655,342)	214,728,988
Total comprehensive loss for the financial year	-	-	-	-	(32,083,946)	(32,083,946)
Transfer	-	-	-	22,696	(22,696)	-
At 31 December 2015	122,833,988	335,001	110,238,037	-	(50,761,984)	182,645,042
Total comprehensive loss for the financial year	-	-	-	-	(795,041)	(795,041)
At 31 December 2016	122,833,988	335,001	110,238,037	-	(51,557,025)	181,850,001

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash flows from operating activities:				
(Loss)/Profit before tax	(4,591,109)	9,170,671	(795,041)	(32,083,946)
Adjustments for:				
Amortisation of prepaid lease payments	11,184	53,514	-	-
Depreciation of property, plant and equipment	4,075,453	4,028,290	146,203	130,973
Gain on debts restructuring agreement	-	(30,918,336)	-	-
Gain on disposal of:				
-property, plant and equipment	(78,000)	-	(78,000)	-
-land held for development	(1,300,000)	-	-	-
Impairment loss no longer required:				
- amount owing by subsidiaries	-	-	(3,059,851)	-
- trade receivables	(21,032)	(11,525)	-	-
Impairment loss on:				
- amount owing by subsidiaries	-	-	138,165	28,429,753
- investments in subsidiaries	-	-	5,594	5,573
Finance cost	1,881,668	2,052,850	1,627,829	1,611,543
Finance income	(47,518)	(78,910)	-	(17,866)
Provision for foreseeable losses	-	17,725,026	-	-
Unrealised gain on foreign exchange	(16,980)	(42,183)	(16,980)	(42,183)
Written back of payables	(681,545)	-	-	-
Operating (loss)/profit before changes in working capital	(767,879)	1,979,397	(2,032,081)	(1,966,153)
Changes in Working Capital:				
Inventories	218,390	468,239	-	-
Property development expenditure	(4,142,209)	(19,966,837)	-	-
Provision for liabilities	178,831	727,279	-	(1,300,408)
Trade and other receivables	1,314,865	4,171,327	926	28,429
Trade and other payables	(2,100,577)	2,428,232	(12,172)	15,439
Net cash used in operations	(5,298,579)	(10,192,363)	(2,043,327)	(3,222,693)
Finance cost paid	(308,805)	(263,023)	-	-
Income tax paid	(772,513)	(1,600,001)	-	-
Income tax refunded	540,498	11,405	-	-
Net cash flows used in operating activities	(5,839,399)	(12,043,982)	(2,043,327)	(3,222,693)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash flows from investing activities:				
Increase in deposits pledged with licensed banks	(471,227)	(880,846)	-	-
Finance income received	47,518	78,910	-	17,866
Proceeds from disposal of land held for development	3,300,000	-	-	-
Proceeds from disposal of property, plant and equipment	78,000	-	78,000	-
Purchase of property, plant and equipment (Note A)	(621,222)	(2,754,134)	(155,221)	(19,900)
Repayment from subsidiaries	-	-	3,821,172	4,929,834
Net cash flows generated from/(used in) investing activities	2,333,069	(3,556,070)	3,743,951	4,927,800
Cash flows from financing activities:				
Drawdown of term loans	4,922,647	6,674,383	-	-
Finance cost paid	(1,572,863)	(1,789,827)	(1,609,274)	(1,611,543)
Repayment of term loan instruments	-	(786,482)	-	-
Repayment of term loans	(2,205,981)	(3,697,089)	-	-
Payment of hire purchase payables	(79,116)	(80,831)	(97,671)	(80,831)
Net cash flows generated from/(used in) financing activities	1,064,687	320,154	(1,706,945)	(1,692,374)
Net change in cash and cash equivalents	(2,441,643)	(15,279,898)	(6,321)	12,733
Cash and cash equivalents at the beginning of the financial year	(23,148,788)	(7,868,890)	36,484	23,751
Cash and cash equivalents at the end of the financial year	(25,590,431)	(23,148,788)	30,163	36,484
Analysis of cash and cash equivalents				
Cash and bank balances	1,815,979	1,480,712	30,163	36,484
Cash held under Housing Development Account	230,554	225,869	-	-
Deposits placed with licensed banks	2,389,655	1,918,428	-	-
	4,436,188	3,625,009	30,163	36,484
Bank overdrafts	(27,636,964)	(24,855,369)	-	-
	(23,200,776)	(21,230,360)	30,163	36,484
Less: Deposits held as security value	(2,389,655)	(1,918,428)	-	-
	(25,590,431)	(23,148,788)	30,163	36,484

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Note				
A. Purchase of property, plant and equipment				
Purchase of property, plant and equipment	971,222	2,918,134	505,221	183,900
Less:				
- Financed by hire purchase instalments plan	(350,000)	(164,000)	(350,000)	(164,000)
Cash payment	621,222	2,754,134	155,221	19,900

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Eastland Equity Bhd. ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia. The principal place of business of the Company is located at No.24, Jalan 8/23E, Taman Danau Kota, Setapak, 53300 Kuala Lumpur, Malaysia.

The Company is principally involved in investment holding. The principal activities of its subsidiaries and associate are disclosed in Notes 14 and 15 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 April 2017.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 3 to the financial statements.

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

2.2 Adoption of amendments/improvements to FRSs

The Group and the Company have adopted the following amendments/improvements to FRSs that are mandatory for the current financial year:

Amendments/Improvements to FRSs	
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interest in Other Entities
FRS 101	Presentation of Financial Statements
FRS 116	Property, Plant and Equipment
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investments in Associates and Joint Ventures
FRS 138	Intangible Assets

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

2. **BASIS OF PREPARATION (CONTINUED)**

2.3 **New FRS, amendments/improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective**

The Group and the Company have not adopted the following new FRS, amendments/improvements to FRSs and new IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New FRSs		
FRS 9	Financial Instruments	1 January 2018
Amendments/Improvements to FRSs		
FRS 1	First-time adoption of MFRSs	1 January 2018
FRS 2	Share-based Payment	1 January 2018
FRS 4	Insurance Contracts	1 January 2018
FRS 10	Consolidated Financial Statements	Deferred
FRS 12	Disclosure of Interest in Other Entities	1 January 2017
FRS 107	Statement of Cash Flows	1 January 2017
FRS 112	Income Taxes	1 January 2017
FRS 128	Investments in Associates and Joint Ventures	1 January 2018/ Deferred
FRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

A brief discussion on the above significant new FRS, amendments/improvements to FRSs and new IC Int are summarised below. Due to the complexity of these new FRSs, amendments/improvements to FRSs and new IC Int, the financial effects of their adoption are currently still being assessed by the Group and the Company.

FRS 9 Financial Instruments

Key requirements of FRS 9:

- FRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. **BASIS OF PREPARATION (CONTINUED)**

2.3 **New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective (continued)**

Amendments to FRS 1 First-time Adoption of MFRSs

Amendments to FRS 1 deleted the short-term exemptions that relate to FRS 7 *Financial Instruments: Disclosure*, FRS 119 *Employee Benefits* and FRS 10 *Consolidated Financial Statements* because they are no longer applicable.

Amendments to FRS 2 Share-based Payment

Amendments to FRS 2 provide specific guidance on the accounting for:
(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to FRS 4 Insurance Contracts

Amendments to FRS 4 introduce two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying the Standard on Financial Instruments for entities whose activities are predominantly connected with insurance.

Amendments to FRS 12 Disclosure of Interests in Other Entities

Amendments to FRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of FRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

Amendments to FRS 107 Statement of Cash Flows

Amendments to FRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Amendments to FRS 112 Income Taxes

Amendments to FRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to FRS 128 Investments in Associates and Joint Ventures

Amendments to FRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. **BASIS OF PREPARATION (CONTINUED)**

2.3 **New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective (continued)**

Amendments to FRS 140 Investment Property

Amendments to FRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in FRS 10 and those in FRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in FRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2.4 **MASB Approved Accounting Standards, MFRSs**

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply the MFRSs framework for annual periods beginning on or after 1 January 2018. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for financial year ended 31 December 2018. The main effects arising from the transition to the MFRSs Framework are discussed below.

The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effects may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.4 MASB Approved Accounting Standards, MFRSs (CONTINUED)

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:
(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Group is currently assessing the impact of the adoption of this standard.

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases. Due to the complexity of this new MFRS, the financial effects of its adoption are currently still being assessed by the Group and the Company.

MFRS 141 Agriculture

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.4 MASB Approved Accounting Standards, MFRSs (continued)

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

2.5 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

(a) Basis of Consolidation and Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year. The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

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

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

The financial statements of the subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Intra-group transactions and balances, and resulting unrealised gains are eliminated on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated on consolidation to the extent of the cost of the asset that can be recovered. The extent of the costs that cannot be recovered is treated as write downs or impairment losses as appropriate. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency with the accounting policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(a) **Basis of Consolidation and Subsidiaries (continued)**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

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

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(b) **Associates**

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investments in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(c) **Goodwill on Consolidation**

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o)(ii) to the financial statements.

In respect of equity-accounted associates and joint ventures, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(d) **Revenue and Other Income**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

(i) ***Revenue from Financing Receivables***

Revenue represents interest income from financing receivables which is recognised on an accruals basis, except when a financial receivable becomes non-performing. Interest income on non-performing loans is suspended unless it is recoverable. The non-recoverability of the loan shall arise should the repayments are in arrears for more than 3 months from the first day of default or after the maturity date or when the outstanding balance is greater than the value of the collateral pledged, interest is ceased being accrued.

(ii) ***Revenue from Hotel Operations***

Revenue from hotel operations consists mainly of hotel room rental, telephone call income, restaurant and bar income, laundry income, amusement park collection, car park collection, food court collection and other related services, which is recognised when the services have been rendered.

(iii) ***Rental Income***

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

(iv) ***Revenue from Property Development***

Revenue from sale of properties is accounted for by the stage of completion method in respect of the property units sold. The stage of completion method is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Any expected loss on development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

(v) ***Other Income***

- Administrative charges receivable is recognised on an accruals basis.
- Interest income is recognised as it accrues using effective interest method in profit or loss.

(vi) ***Management fee***

Management fee is recognised upon completion of services rendered in accordance with the terms of the agreement entered into.

(e) **Employee Benefits**

(i) ***Short-term Employee Benefits***

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(e) **Employee Benefits (continued)**

(ii) ***Defined Contribution Plans***

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(f) **Borrowing Costs**

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(g) **Income Tax**

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(i) ***Current Tax***

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(ii) ***Deferred Tax***

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

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(g) **Income Tax (continued)**

(ii) ***Deferred Tax (continued)***

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3(k) to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

(h) **Property, Plant and Equipment**

Property, plant and equipment were initially stated at cost. Land and buildings were subsequently shown at market value, based on valuations of external independent valuers, less subsequent accumulated depreciation and impairment losses, if any. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o)(ii) to the financial statements.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(h) **Property, Plant and Equipment (continued)**

No depreciation is provided on freehold land. All other property, plant and equipment are depreciated on the straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are as follows:-

Building	2%
Plant and machinery	5%
Motor vehicles	10% to 25%
Furniture, fittings and renovations	5% to 30%
Computers and office equipment	10% to 33%

Capital work-in-progress are not depreciated as these assets are not intended for use.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

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

(i) **Revaluation of Assets**

Land and buildings at valuation are revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market values.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any surplus or deficit arising from the revaluations will be dealt with in the Revaluation Reserve Account. Any deficit is set-off against the Revaluation Reserve Account only to the extent of the surplus credited from the previous revaluation of the land and buildings and the excess of the deficit is charged to profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits.

(j) **Leases**

(i) ***Finance Leases***

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance cost, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(j) **Leases (continued)**

(ii) ***Operating Leases***

Leases of assets were a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(k) **Investment Properties**

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3(f) to the financial statements.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

(l) **Property Development Activities**

(i) ***Land held for Development***

Land held for development is stated at cost less any accumulated impairment losses and classified as non-current asset where no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o)(ii) to the financial statements.

Cost comprises the cost of land and all related costs incurred on activities necessary to prepare the land for its intended use. Where the Group had previously recorded the land at a revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201 Property Development Activities.

Land held for property development is transferred to property development costs and included under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(l) **Property Development Activities (continued)**

(ii) ***Property Development Costs***

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or costs that can be allocated on a reasonable basis to these activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any foreseeable loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately in profit or loss.

Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of development, the unsold completed development properties are transferred to inventories.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

(m) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of food and beverages include purchase price and the incidental expenses incurred. Costs of completed properties comprises all direct construction cost and land cost, and direct development expenditure which is determined by the specific identification basis.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(n) **Financial Instruments**

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(n) **Financial Instruments (continued)**

The Group and the Company categorise the financial instruments as follows:

(i) ***Financial Assets***

Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading, including derivatives, or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in statement of comprehensive income.

Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Held-to-maturity Investments

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Group have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Available-for-sale Financial Assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(n) **Financial Instruments (continued)**

(ii) ***Financial Liabilities***

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair value otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

(iii) ***Financial Guarantee Contracts***

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) ***Regular Way Purchase or Sale of Financial Assets***

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) ***Derecognition***

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(o) **Impairment of Assets**

(i) ***Impairment of Financial Assets***

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and associates) are assessed at each reporting date 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. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments 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 asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost 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 current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) ***Impairment of Non-financial Assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(o) **Impairment of Assets (continued)**

(ii) ***Impairment of Non-financial Assets (continued)***

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(p) **Provisions for Liabilities**

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

(q) **Equity Instruments**

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the financial year end. A dividend proposed or declared after the financial year end, but before the financial statements are authorised for issue, is not recognised as a liability at the financial year end.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(r) **Cash and Cash Equivalents**

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, demand deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of bank overdrafts which are repayable on demand.

(s) **Operating Segment**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group Executive Committee ("EXCO") comprising all Executives Directors of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(t) **Fair value measurements**

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(u) **Earnings per ordinary share**

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of the ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

4. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) **Property Development**

The Group recognises property development profits by reference to the stage of completion of the development activity at the reporting date. The stage of completion is determined based on the proportion that the property development costs incurred to date bear to the estimated total costs for the property development. Where it is probable that the total property development costs of a development phase will exceed the total property development revenue of the development phase, the expected loss on the development phase is recognised as an expense immediately.

Significant judgement is required in the estimation of total property development costs. Where the actual total property development costs is different from the estimated total property development costs, such difference will impact the property development profit or loss recognised.

NOTES TO THE FINANCIAL STATEMENTS

4. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

(a) **Property Development (continued)**

The carrying amounts of the property development are disclosed in Note 18 to the financial statements.

(b) **Provision**

The Group and the Company use a "best estimate" as the basis for measuring a provision. Management evaluates the estimates based on the Group's and the Company's historical experience and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances.

The carrying amounts of the provision are disclosed in Note 30 to the financial statements.

(c) **Depreciation and useful lives of property, plant and equipment**

The Group and the Company review the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the property, plant and equipment are disclosed in Note 11 to the financial statements.

(d) **Impairment of financial assets**

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

The carrying amount of the Group's and the Company's financial assets are disclosed in Note 32(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

4. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

(e) **Measurement of income taxes**

The Group and the Company operate in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Group's and the Company's estimation for current and deferred taxes because the ultimate tax liability for the Group as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expense of the Group and the Company are disclosed in Note 9 to the financial statements.

(f) **Impairment of non-financial assets**

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value in use. The value in use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's and the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value in use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

(g) **Classification of finance and operating leases**

The Group and the Company classify a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incident to ownership of the underlying asset lie. As a lessee, the Group and the Company recognise a lease as a finance lease if it is exposed to significant risks and rewards incident to ownership of the underlying asset. In applying judgements, the Group and the Company consider whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for at least 75% the remaining economic life of the underlying asset, the present value of lease payments is at least 90% of the fair value of the underlying asset, or the identified asset in the lease is a specialised asset which can only be used by the leasee without major modifications. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

(h) **Write-down of obsolete or slow moving inventories**

The Group write down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 19 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

5. **REVENUE**

	Group		Company	
	2016 **RM**	**2015** **RM**	**2016** **RM**	**2015** **RM**
Rental income from:				
- Hotel operations	10,206,058	10,445,869	-	-
- Property investment	5,793,497	6,033,645	-	-
Other income from hotel operations	7,141,839	8,131,451	-	-
Sales of development properties	899,278	4,831,642	-	-
Sales of completed properties	115,000	2,217,530	-	-
Management fees	-	-	472,877	437,149
	24,155,672	31,660,137	472,877	437,149

6. **SEGMENTAL INFORMATION**

The Group prepared the following segment information in accordance with FRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Executive Committee ("EXCO") for the purpose of making decisions about resource allocation and performance assessment.

(a) **General information**

The Group's operating business is classified according to the following operating divisions:

(i) Investment holding;
(ii) Leasing and financing;
(iii) Hospitality;
(iv) Investment properties; and
(v) Property development.

(b) **Measurement of Reportable Segments**

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Inter-segment pricing is determined on negotiated basis.

Segment profit
Segment results is measured based on segment profit before tax that are reviewed by the Group's Executive Committee ("EXCO"). There are no significant changes from prior financial year in the measurement methods used to determine reported segment results.

Segment assets
The total of segment assets are measured based on all assets of a segment other than current and deferred tax assets.

Segment liabilities
The total of segment liabilities are measured based on all liabilities of a segment other than current and deferred tax liabilities.

(c) **Geographical Information**

No segmental information by geographical segment has been presented as the Group principally operates in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

6. **SEGMENTAL INFORMATION (CONTINUED)**

The segmental information of the Group are as follows:-

Group 2016	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Total RM	Note	Adjustments and elimination RM	Consolidated RM
Revenue :										
Revenue from external customers	-	-	17,347,897	5,793,497	1,014,278	-	24,155,672		-	24,155,672
Inter-segment revenue	472,877	-	114,480	-	-	-	587,357	(a)	(587,357)	-
	472,877	-	17,462,377	5,793,497	1,014,278	-	24,743,029		(587,357)	24,155,672
Results :										
Included in the measure of segment profit/ (loss) are:										
Finance income	-	-	-	31,226	16,292	-	47,518		-	47,518
Gain on disposal of										
- land held for development	-	-	-	-	-	1,300,000	1,300,000		-	1,300,000
- property, plant and equipment	78,000	-	-	-	-	-	78,000		-	78,000
Impairment loss no longer required on:										
- amount owing by subsidiaries	3,059,851	-	-	-	-	-	3,059,851	(b)	(3,059,851)	-
- trade receivables	-	-	21,032	-	-	-	21,032		-	21,032
Unrealised gain on foreign exchange	16,980	-	-	-	-	-	16,980		-	16,980
Write back of payables	-	-	-	681,545	-	-	681,545		-	681,545

NOTES TO THE FINANCIAL STATEMENTS

6. **SEGMENTAL INFORMATION (CONTINUED)**

The segmental information of the Group are as follows:- (continued)

Group 2016	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Total RM	Note	Adjustments and elimination RM	Consolidated RM
Amortisation of prepaid land lease payments	-	-	-	-	(11,184)	-	(11,184)		-	(11,184)
Depreciation of property, plant and equipment	(146,203)	-	(3,599,030)	(328,080)	(2,140)	-	(4,075,453)		-	(4,075,453)
Finance cost	(1,627,829)	-	-	(253,839)	-	-	(1,881,668)		-	(1,881,668)
Impairment loss on:										
- amount owing by subsidiaries	(138,165)	-	-	-	-	-	(138,165)	(b)	138,165	-
- investment in subidiaries	(5,594)	-	-	-	-	-	(5,594)	(b)	5,594	-
Rental of:										
- office premises	(62,900)	-	-	-	-	-	(62,900)		-	(62,900)
- parking	-	-	(18,000)	-	-	-	(18,000)		-	(18,000)
Royalty fees expenses	-	-	(321,594)	-	-	-	(321,594)		-	(321,594)
Unallocated corporate expenses	(2,454,536)	(25,543)	(15,258,378)	(5,725,717)	(1,403,030)	(96,607)	(24,963,811)	(b)	442,754	(24,521,057)
Segment profit/(loss)	(807,519)	(25,543)	(1,713,593)*	198,632	(385,784)	1 ,203,393	(1,530,414)		(3,060,695)	(4,591,109)
Income tax expense	-	-	-	(192,744)	-	-	(192,744)		-	(192,744)
Loss for the financial year	(807,519)	(25,543)	(1,713,593)*	5,888	(385,784)	1,203,393	(1,723,158)		(3,060,695)	(4,783,853)

* Included in the measure of segment loss of hospitality is an amount totalling RM3,599,030/- which represents depreciation of hotel building.

NOTES TO THE FINANCIAL STATEMENTS

6. **SEGMENTAL INFORMATION (CONTINUED)**

The segmental information of the Group are as follows:- (continued)

Group 2016	**Investment holding RM**	**Leasing and financing RM**	**Hospitality RM**	**Investment properties RM**	**Property development RM**	**Others RM**	**Total RM**	**Note**	**Adjustments and elimination RM**	**Consolidated RM**
Assets:										
Additions to non-current assets	505,221	-	429,500	36,501	-	-	971,222		-	971,222
Tax recoverable	-	-	-	2,077,398	-	-	2,077,398		-	2,077,398
Segment assets	204,422,046	12,100	2,421,063	291,521,960	1,278,393	115,578	499,771,140	(c)	(218,713,153)	281,057,987
Segment assets	204,927,267	12,100	2,850,563	293,635,859	1,278,393	115,578	502,819,760		(218,713,153)	284,106,607
Liabilities:										
Deferred tax liabilities	-	-	-	12,610,650	-	-	12,610,650		-	12,610,650
Segment liabilities	23,073,110	15,177,544	2,526,605	75,500,330	33,655,420	101,176	150,034,185	(c)	(69,850,178)	80,184,007
	23,073,110	15,177,544	2,526,605	88,110,980	33,655,420	101,176	162,644,835		(69,850,178)	92,794,657

NOTES TO THE FINANCIAL STATEMENTS

6. **SEGMENTAL INFORMATION (CONTINUED)**

The segmental information of the Group are as follows:- (continued)

Group 2015	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Total RM	Note	Adjustments and elimination RM	Consolidated RM
Revenue :										
Revenue from external customer	-	-	18,577,320	6,033,645	7,049,172	-	31,660,137		-	31,660,137
Inter-segment revenue	437,149	-	69,061	-	840,000	-	1,346,210	(a)	(1,346,210)	-
	437,149	-	18,646,381	6,033,645	7,889,172	-	33,006,347		(1,346,210)	31,660,137
Results :										
Included in the measure of segment profit/(loss) are:										
Finance income	17,866	1,510	-	36,147	23,387	-	78,910		-	78,910
Gain on debts restructuring agreement	-	-	-	-	30,918,336	-	30,918,336		-	30,918,336
Impairment loss no longer required on:										
- trade receivables	-	-	11,525	-	-	-	11,525		-	11,525
Rental income	-	-	-	-	3,623	-	3,623		-	3,623
Unrealised gain on foreign exchange	42,183	-	-	-	-	-	42,183		-	42,183

NOTES TO THE FINANCIAL STATEMENTS

6. **SEGMENTAL INFORMATION (CONTINUED)**

The segmental information of the Group are as follows:- (continued)

Group 2015	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Total RM	Note	Adjustments and elimination RM	Consolidated RM
Amortisation of prepaid land lease payments	-	-	-	(42,330)	(11,184)	-	(53,514)		-	(53,514)
Depreciation of property, plant and equipment	(130,973)	-	(3,617,717)	(275,876)	(3,724)	-	(4,028,290)		-	(4,028,290)
Finance cost	(1,611,543)	-	-	(418,398)	(22,909)	-	(2,052,850)		-	(2,052,850)
Impairment loss on:										
- amount owing by subsidiaries	(28,429,753)	-	-	-	-	-	(28,429,753)	(b)	28,429,753	-
- investment in subidiaries	(5,573)	-	-	-	-	-	(5,573)	(b)	5,573	-
Provision for foreseeable losses	-	-	-	-	(17,725,026)	-	(17,725,026)		-	(17,725,026)
Rental of:										
- office premises	(60,719)	-	-	-	-	-	(60,719)		-	(60,719)
- parking	-	-	(18,000)	-	-	-	(18,000)		-	(18,000)
Unallocated corporate expenses	(2,342,583)	(25,797)	(15,584,226)	(5,392,028)	(7,532,772)	(74,450)	(30,951,856)		1,346,212	(29,605,644)
Segment profit/(loss)	(32,083,946)	(24,287)	(562,037)*	(58,840)	13,538,903	(74,450)	(19,264,657)		28,435,328	9,170,671
Income tax expense	-	-	-	(417,933)	11,406	-	(406,527)		-	(406,527)
(Loss)/profit for the financial year	(32,083,946)	(24,287)	(562,037)*	(476,773)	13,550,309	(74,450)	(19,671,184)		28,435,328	8,764,144

* Included in the measure of segment loss of hospitality is an amount totalling RM3,617,717/- which represents depreciation of hotel building.

NOTES TO THE FINANCIAL STATEMENTS

6. **SEGMENTAL INFORMATION (CONTINUED)**

The segmental information of the Group are as follows:- (continued)

Group 2015	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Total RM	Note	Adjustments and elimination RM	Consolidated RM
Assets:										
Additions to non-current assets	183,900	-	2,500,000	231,524	2,710	-	2,918,134		-	2,918,134
Tax recoverable	-	-	-	2,122,894	-	-	2,122,894		-	2,122,894
Segment assets	182,791,760	14,062	271,679	290,815,617	1,484,562	2,001,191	477,378,871	(c)	(196,610,526)	280,768,345
Segment assets	182,975,660	14,062	2,771,679	293,170,035	1,487,272	2,001,191	482,419,899		(196,610,526)	285,809,373
Liabilities:										
Deferred tax liabilities	-	-	-	12,695,417	-	-	12,695,417		-	12,695,417
Segment liabilities	1,270,642	15,153,963	2,432,293	72,609,028	33,627,156	3,190,182	128,283,264	(c)	(51,265,111)	77,018,153
Segment liabilities	1,270,642	15,153,963	2,432,293	85,304,445	33,627,156	3,190,182	140,978,681	(c)	(51,265,111)	89,713,570

NOTES TO THE FINANCIAL STATEMENTS

6. **SEGMENTAL INFORMATION (CONTINUED)**

Reconciliation of reportable segment revenue, profit, assets and other material items:-

	Group	
	2016 RM	**2015 RM**
(a)		
Total revenue for reportable segments	24,743,029	33,006,347
Elimination of inter-segment revenue	(587,357)	(1,346,210)
Consolidated total	24,155,672	31,660,137

	Group	
	2016 RM	**2015 RM**
(b)		
Consolidated profit before income tax expense	(4,591,109)	9,170,671
Less : income tax expenses	(192,744)	(406,527)
	(4,783,853)	8,764,144

	Group	
	2016 RM	**2015 RM**
(c)		
Total reportable segments assets	502,819,760	482,419,899
Elimination of inter-segment transactions or balances	(218,713,153)	(196,610,526)
Consolidated total	284,106,607	285,809,373

	Group	
	2016 RM	**2015 RM**
(d)		
Total reportable segments liabilities	162,644,835	140,978,681
Elimination of inter-segment transactions or balances	(69,850,178)	(51,265,111)
Consolidated total	92,794,657	89,713,570

NOTES TO THE FINANCIAL STATEMENTS

7. **FINANCE (COSTS)/INCOME (NET)**

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Finance income:				
- Housing development account	4,695	4,800	-	-
- Deposits placed with licensed banks	31,226	70,286	-	17,866
- Overdue interest	11,597	3,824	-	-
	47,518	78,910	-	17,866
Finance costs:				
- Business financing - i	(1,554,308)	(1,781,793)	-	-
- Business cash line - i	(308,805)	(263,023)	-	-
- Hire purchase payables	(18,555)	(8,034)	(18,555)	(8,034)
- Amount owing to a subsidiary	-	-	(1,609,274)	(1,603,509)
	(1,881,668)	(2,052,850)	(1,627,829)	(1,611,543)
	(1,834,150)	(1,973,940)	(1,627,829)	(1,593,677)

8. **(LOSS)/PROFIT BEFORE TAX**

(Loss)/Profit before income tax expense is arrived at:

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
After crediting:				
Gain on disposal of:				
- land held for development	1,300,000	-	-	-
- property, plant and equipment	78,000	-	78,000	-
Gain on debts restructuring agreement	-	30,918,336	-	-
Impairment loss no longer required on:				
- amount owing by subsidiaries	-	-	3,059,851	-
- trade receivables	21,032	11,525	-	-
Rental income	-	3,623	-	-
Unrealised gain on foreign exchange	16,980	42,183	16,980	42,183
Write back of payables	681,545	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

8. **(LOSS)/PROFIT BEFORE TAX (CONTINUED)**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
and charging:				
Amortisation of prepaid land lease payments	(11,184)	(53,514)	-	-
Auditor's remuneration:				
- Statutory audit				
- current year	(133,800)	(117,000)	(43,000)	(43,000)
- prior year	-	(9,500)	-	(3,000)
- Non-statutory audit	(11,000)	(11,000)	(11,000)	(11,000)
Depreciation of property, plant and equipment	(4,075,453)	(4,028,290)	(146,203)	(130,973)
Employee benefits expense (Note A)	(8,562,601)	(7,368,724)	(1,785,380)	(1,607,686)
Impairment loss on:				
- amount owing by subsidiaries	-	-	(138,165)	(28,429,753)
- investment in subidiaries	-	-	(5,594)	(5,573)
Provision for foreseeable losses	-	(17,725,026)	-	-
Provision for liabilities	(877,664)	(2,563,085)	-	-
Realised loss on foreign exchange	(76,047)	(80,984)	-	-
Rental of:				
- office premises	(62,900)	(60,719)	(62,900)	(60,719)
- parking	(18,000)	(18,000)	-	-
Royalty fees payable	(321,594)	(372,928)	-	-

(i) In year 2015, included in other operating income of the Group is a one-off gain on debts restructuring agreement of RM30,918,336.

Note

A. Employee benefits expense

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Wages and salaries	6,319,598	5,200,902	615,724	513,151
Defined contribution plans	692,737	723,122	74,610	62,792
Defined benefit plans	82,237	88,006	5,808	5,142
Other staff related costs	388,957	338,934	10,166	8,841
	7,483,529	6,350,964	706,308	589,926
Included in employee benefits expenses are:				
Directors' fees	336,000	265,000	336,000	265,000
Directors' other emolument	743,072	752,760	743,072	752,760
	1,079,072	1,017,760	1,079,072	1,017,760
Total	8,562,601	7,368,724	1,785,380	1,607,686

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Income tax:				
- current year	(225,137)	(589,788)	-	-
- under accrual in prior year	(52,374)	(391,725)	-	-
	(277,511)	(981,513)	-	-
Deferred tax liabilities: (Note 28)				
- current year	156,403	212,678	-	-
- (under)/over accrual in prior year	(71,636)	362,308	-	-
	84,767	574,986	-	-
	(192,744)	(406,527)	-	-

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/Profit before tax	(4,591,109)	9,170,671	(795,041)	(32,083,946)
Taxation at applicable statutory tax rate of 24% (2015: 25%)	1,101,865	(2,292,668)	190,810	8,020,987
Tax effects arising from:-				
- non-deductible expenses	(839,501)	(684,421)	(506,494)	(7,211,259)
- non-taxable income	198,510	8,184,249	734,364	-
- origination of deferred tax assets not recognised in the financial statements	(529,608)	(5,352,394)	(418,680)	(777,338)
- effect of changes in tax rate	-	(231,876)	-	(32,390)
- over accrual in prior years	(124,010)	(29,417)	-	-
Tax expense for the financial year	(192,744)	(406,527)	-	-

Deferred tax assets have not been recognised for the following items:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deductible temporary differences	20,271,266	20,614,211	573,425	543,708
Unutilised tax losses	200,431,487	202,295,244	31,171,460	29,456,676
Net deferred tax assets	220,702,753	222,909,455	31,744,885	30,000,384
Potential deferred tax assets not recognised at 24% (2015: 24%)	52,968,661	53,498,269	7,618,772	7,200,092

NOTES TO THE FINANCIAL STATEMENTS

10. **(LOSS)/EARNINGS PER SHARE**

(a) **Basic (loss)/earnings per ordinary share**

The basic earnings per ordinary share which has been calculated based on the profit for the financial year and weighted average number of ordinary shares in issue are disclosed as follows:-

	Group	
	2016 **RM**	**2015** **RM**
(Loss)/Profit attributable to owners of the Company		
(Loss)/Profit for the financial year	(4,783,853)	8,764,144
Weighted average number of ordinary shares in issue	245,667,975	245,667,975
Basic (loss)/earnings per share (sen)	(1.95)	3.57

(b) **Diluted (loss)/earnings per ordinary share**

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

11. **PROPERTY, PLANT AND EQUIPMENT**

Group **2016** **Cost (unless otherwise stated)**	**Freehold land, at valuation** **RM**	**Building, at valuation** **RM**	**Plant and machinery** **RM**	**Motor vehicles** **RM**	**Furniture, fittings and renovations** **RM**	**Computers and office equipment** **RM**	**Total** **RM**
At 1 January 2016	4,441,261	116,558,739	3,308,641	2,023,658	4,720,094	575,804	131,628,197
Additions	-	-	35,301	501,248	430,700	3,973	971,222
Disposals	-	-	-	(548,000)	-	-	(548,000)
At 31 December 2016	4,441,261	116,558,739	3,343,942	1,976,906	5,150,794	579,777	132,051,419
Accumulated Depreciation							
At 1 January 2016	-	6,134,670	2,121,958	1,877,314	2,183,174	387,647	12,704,763
Depreciation charge for the financial year	-	3,067,335	142,606	115,615	742,825	7,072	4,075,453
Disposals	-	-	-	(548,000)	-	-	(548,000)
At 31 December 2016	-	9,202,005	2,264,564	1,444,929	2,925,999	394,719	16,232,216
Net Carrying Amount at 31 December 2016	4,441,261	107,356,734	1,079,378	531,977	2,224,795	185,058	115,819,203

NOTES TO THE FINANCIAL STATEMENTS

11. **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Group **2015** **Cost (unless otherwise stated)**	**Freehold land, at valuation** **RM**	**Building, at valuation** **RM**	**Capital work in progress** **RM**	**Plant and machinery** **RM**	**Motor vehicles** **RM**	**Furniture, fittings and renovations** **RM**	**Computers and office equipment** **RM**	**Total** **RM**
At 1 January 2015	4,441,261	116,558,739	13,181,428	3,299,891	1,840,698	2,220,094	349,380	141,891,491
Additions	-	-	-	8,750	182,960	2,500,000	226,424	2,918,134
Disposals	-	-	(13,181,428)	-	-	-	-	(13,181,428)
At 31 December 2015	4,441,261	116,558,739	-	3,308,641	2,023,658	4,720,094	575,804	131,628,197
Accumulated Depreciation								
At 1 January 2015	-	3,067,335	-	1,981,117	1,791,468	1,512,010	324,543	8,676,473
Depreciation charge for the financial year	-	3,067,335	-	140,841	85,846	671,164	63,104	4,028,290
At 31 December 2015	-	6,134,670	-	2,121,958	1,877,314	2,183,174	387,647	12,704,763
Net Carrying Amount								
at 31 December 2015	4,441,261	110,424,069	-	1,186,683	146,344	2,536,920	188,157	118,923,434

NOTES TO THE FINANCIAL STATEMENTS

11. **PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Company	**Motor vehicles RM**	**Furniture, fittings and renovations RM**	**Computers and office equipment RM**	**Total RM**
2016				
Cost				
At 1 January 2016	1,715,231	155,633	130,375	2,001,239
Additions	501,248	-	3,973	505,221
Disposals	(548,000)	-	-	(548,000)
At 31 December 2016	1,668,479	155,633	134,348	1,958,460
Accumulated Depreciation				
At 1 January 2016	1,568,863	88,336	115,876	1,773,075
Depreciation charge for the financial year	115,615	25,564	5,024	146,203
Disposals	(548,000)	-	-	(548,000)
At 31 December 2016	1,136,478	113,900	120,900	1,371,278
Net Carrying Amount at 31 December 2016	532,001	41,733	13,448	587,182
2015				
Cost				
At 1 January 2015	1,532,271	155,633	129,435	1,817,339
Additions	182,960	-	940	183,900
At 31 December 2015	1,715,231	155,633	130,375	2,001,239
Accumulated Depreciation				
At 1 January 2015	1,483,017	49,457	109,628	1,642,102
Depreciation charge for the financial year	85,846	38,879	6,248	130,973
At 31 December 2015	1,568,863	88,336	115,876	1,773,075
Net Carrying Amount at 31 December 2015	146,368	67,297	14,499	228,164

Included in property, plant and equipment of the Group and the Company are motor vehicles with a net carrying amount of RM532,001/- (2015: RM146,368/-), which are acquired under hire-purchase arrangements.

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group

The hotel land building was revalued at RM121,000,000/- in year 2013.

The hotel land and building have been charged to financial institutions as securities for credit facilities granted to a subsidiary.

Fair value information

Fair value of hotel land building are categorised as level 3, which its value has been arrived at on the basis of valuations carried out by an independent valuer. Valuations were based on current prices in an active market for the properties.

12. INVESTMENT PROPERTIES

	Group	
	2016	**2015**
	RM	**RM**
Shopping complex, at fair value		
At the beginning/at end of the financial year	87,450,000	87,450,000

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2016	**2015**
	RM	**RM**
Rental income	5,385,483	5,636,205
Direct operating expenses	178,249	175,754

Fair value information

Fair value of investment properties are categorised as level 2, which fair values of shopping complex has been arrived at on the basis of valuations carried out by an independent valuer. Valuations were based on current prices in an active market for the properties.

13. PREPAID LAND LEASE PAYMENTS

Prepaid land lease payments relate to the lease of land for the Group's office premise in Kuala Lumpur and land in Kelantan. These leases will expire in 2085 and 2075 respectively and the Group does not have an option to purchase the leasehold land at the expiry of the lease period. Prepaid land lease payments are amortised over the lease term of the land.

NOTES TO THE FINANCIAL STATEMENTS

13. **PREPAID LAND LEASE PAYMENTS (CONTINUED)**

	Group 2016 RM	Group 2015 RM
At Cost		
At the beginning of the financial year	2,300,000	7,718,045
Disposals	-	(5,418,045)
At the end of the financial year	2,300,000	2,300,000
Less:		
Accumulated Amortisation		
At the beginning of the financial year	103,928	685,353
Amortisation for the financial year	11,184	53,514
Disposals	-	(634,939)
At the end of the financial year	115,112	103,928
Less:		
Accumulated Impairment Loss		
At the beginning/end of the financial year	124,360	124,360
	2,060,528	2,071,712

14. **INVESTMENT IN SUBSIDIARIES**

	Company 2016 RM	Company 2015 RM
Unquoted shares, at cost	197,753,003	197,753,003
Less: Allowance for impairment	(250,100)	(244,506)
	197,502,903	197,508,497

Details of the subsidiaries, which are incorporated in Malaysia, are as follows:

Name of Company	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activities
Direct subsidiaries			
Eastern Biscuit Factory Sdn. Bhd.	100	100	Property development, investment in properties and hotel operations
FBO Land (Setapak) Sdn. Bhd.	100	100	Property development
FBO Properties Sdn. Bhd.	100	100	Dormant
Perfect Diamond Capital Sdn. Bhd.	100	100	Investment holding
EBF Land Sdn. Bhd.	100	100	Investment holding
Indirect subsidiaries			
Subsidiary of Eastern Biscuit Factory Sdn. Bhd.			
FBO Land (Serendah) Sdn. Bhd.	100	100	Property investment
Subsidiary of Perfect Diamond Capital Sdn. Bhd.			
Rimaflex Sdn. Bhd.	100	100	Money lending
Subsidiary of EBF Land Sdn. Bhd.			
Exquisite Properties Sdn. Bhd.	100	100	Dormant
Subsidiary of Rimaflex Sdn. Bhd.			
Rimaflex Nominees (Tempatan) Sdn. Bhd.	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Unquoted shares, at cost	400,000	400,000	400,000	400,000
Less: Share of post-acquisition results	(400,000)	(400,000)	-	-
Impairment loss	-	-	(400,000)	(400,000)
	-	-	-	-

Details of the associate which is incorporated in Malaysia, is as follows:

Name of Company	**Effective Equity Interest 2016 %**	**Effective Equity Interest 2015 %**	**Principal Activities**
P.A. Projects Sdn. Bhd. # *	20	20	Design, supply, fabricating and installation of aluminium products

\# Audited by a firm other than Baker Tilly Monteiro Heng.

* The Group has no share of losses in associates during the financial year due to the Group's interest reduced to nil and recognition of further losses is discontinued.

16. OTHER INVESTMENT

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Non-current				
Available-for-sale financial assets				
- Equity instrument (quoted outside Malaysia), at cost				
At the beginning of the financial year	477,288	435,105	477,288	435,105
Unrealised gain on foreign exchange	16,980	42,183	16,980	42,183
At the end of the financial year	494,268	477,288	494,268	477,288

The Group and the Company measured the equity instrument at cost instead of fair value as the fair value cannot be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

17. **LAND HELD FOR DEVELOPMENT**

	Group 2016 RM	Group 2015 RM
Leasehold land, at cost	2,800,000	2,800,000
Less: Allowance for impairment	(800,000)	(800,000)
	2,000,000	2,000,000
Disposals	(2,000,000)	-
	-	2,000,000

18. **PROPERTY DEVELOPMENT EXPENDITURE**

	Group 2016 RM	Group 2015 RM
At 1 January:		
Leasehold land	3,194,785	3,298,103
Development costs	51,594,300	49,249,171
	54,789,085	52,547,274
Cost incurred during the financial year:		
Development costs	6,032,962	24,974,198
	6,032,962	24,974,198
Costs recognised in profit or loss:		
Leasehold land	(101,484)	(103,318)
Development costs	(691,258)	(4,904,043)
Provision for foreseeable losses	-	(17,725,026)
	(792,742)	(22,732,387)
Transfer:		
To inventories (Note 19)	(6,766,404)	-
	53,262,901	54,789,085
At 31 December :		
Leasehold land	3,025,572	3,194,785
Development costs	50,237,329	51,594,300
Carrying amounts	53,262,901	54,789,085

During the financial year, the borrowing costs capitalised as property development expenditure amounted to RM2,453,425/- (2015: RM1,455,722/-).

NOTES TO THE FINANCIAL STATEMENTS

19. INVENTORIES

	Group 2016 RM	Group 2015 RM
At cost		
Completed properties		
- Condominium	4,165,142	4,145,892
- Completed properties (Note 18)	6,766,404	-
Food and beverages	287,288	524,928
	11,218,834	4,670,820

The cost of inventories of the Group recognised as an expense in profit or loss during the financial year was RM218,390/- (2015: RM468,239/-).

20. FINANCING RECEIVABLES – SECURED

	Group 2016 RM	Group 2015 RM
Financing receivables	17,065,159	17,065,159
Less: Unearned interest	(590,141)	(590,141)
	16,475,018	16,475,018
Less: Allowance for impairment	(16,475,018)	(16,475,018)
	-	-

At the reporting date, all of the financing receivables has been past due and impaired in full.

21. TRADE AND OTHER RECEIVABLES

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Trade receivables	5,577,512	7,505,059	-	-
Less: Impairment loss	(1,383,221)	(1,404,253)	-	-
	4,194,291	6,100,806	-	-
Other receivables	4,848,672	4,659,097	-	24,385
Less: Impairment loss	(4,547,341)	(4,547,341)	-	(24,385)
	301,331	111,756	-	-
GST claimable	1,247,927	1,024,982	-	-
Deposits	448,774	321,320	11,495	11,495
Prepayments	217,959	145,251	9,839	10,765
Total trade and other receivables	6,410,282	7,704,115	21,334	22,260

NOTES TO THE FINANCIAL STATEMENTS

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

Group

The trade credit term ranges from 7 to 90 days (2015: 7 to 90 days). Other credit terms are assessed and approved on a case by case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2016 RM	2015 RM
Neither past due nor impaired	925,569	1,957,435
1 to 30 days past due not impaired	469,280	455,826
31 to 60 days past due not impaired	163,810	179,115
61 to 90 days past due not impaired	530,670	818,388
91 to 120 days past due not impaired	40,345	121,401
More than 121 days past due not impaired	2,064,617	2,568,641
	3,268,722	4,143,371
Impaired	1,383,221	1,404,253
	5,577,512	7,505,059

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Receivables that are past due but not impaired

At the reporting date, the Group has trade receivables amounting to RM3,268,722/- (2015: RM4,143,371/-) that are past due but not impaired.

Trade receivables that were past due but not impaired relate to customers that have good track records with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

NOTES TO THE FINANCIAL STATEMENTS

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

Group

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:-

	Group 2016 RM	Group 2015 RM
Collectively impaired		
Trade receivables - nominal amounts	2,876,379	3,259,742
Less: Impairment loss	(1,383,221)	(1,404,253)
	1,493,158	1,855,489

Movement in allowance accounts:

	Group 2016 RM	Group 2015 RM
At the beginning of the financial year	(1,404,253)	(1,415,778)
Reversal of impairment loss	21,032	11,525
At the end of the financial year	(1,383,221)	(1,404,253)

22. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company 2016 RM	Company 2015 RM
Amount owing by subsidiaries	54,492,936	56,740,551
Less: Impairment loss	(48,254,625)	(51,206,434)
	6,238,311	5,534,117
Amount owing to subsidiaries	(22,552,220)	(20,948,540)

Amount owing by subsidiaries is non-trade in nature, unsecured, interest free and repayable on demand in cash.

Amount owing to subsidiaries is non-trade in nature, unsecured, bear interest at 7.60% (2015: 7.85%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

23. DEPOSITS PLACED WITH LICENSED BANKS

Group

Deposits placed with licensed banks of RM2,389,655/- (2015: RM1,918,428/-) are pledged to the banks for banking facilities granted to a subsidiary.

Included in the deposits placed with licensed banks is an amount of RM977,743/- (2015: RM946,516/-) which earn effective interest rate ranging from 3.15% to 3.40% (2015: 3.15% to 3.40%) per annum.

24. CASH AND BANK BALANCES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	1,815,979	1,480,712	30,163	36,484
Cash held under Housing Development Account	230,554	225,869	-	-
	2,046,533	1,706,581	30,163	36,484

Group

Cash held under Housing Development Account are opened and maintained under Section 7A of the Housing Development (Control and Licensing) Act, 1966, which is not freely available for general use.

25. SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of shares Unit	RM	Number of shares Unit	RM
Ordinary shares of RM0.50/- each				
Authorised:				
At the beginning/ end of the financial year	2,000,000,000	1,000,000,000	2,000,000,000	1,000,000,000
Issued and fully paid:				
At the beginning/ end of the financial year	245,667,975	122,833,988	245,667,975	122,833,988

NOTES TO THE FINANCIAL STATEMENTS

26. (a) **SHARE PREMIUM**

The share premium arrival at after accounting for the premium received over the nominal value of the shares issued.

(b) **CAPITAL RESERVE**

Capital reserve arose from the par value reduction exercise undertaken by the Company in year 2009. It represents surplus arising after the off-setting of the Company's issued and paid up capital against its accumulated losses at the date when the reduction of share capital became effective.

The capital reserve is a non-distributable reserve.

(c) **REVALUATION RESERVE**

The revaluation reserve represents the surplus arising from revaluation of hotel land and building.

27. **LOANS AND BORROWINGS**

		Group		Company	
		2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Current					
Business cash line - i	(a)	27,636,964	24,855,369	-	-
Hire purchase payables	(b)	98,227	31,086	98,227	31,086
Business financing - i	(c)	2,913,831	2,002,914	-	-
		30,649,022	26,889,369	98,227	31,086
Non-current					
Hire purchase payables	(b)	309,556	105,813	309,556	105,813
Business financing - i	(c)	27,152,045	25,346,296	-	-
		27,461,601	25,452,109	309,556	105,813
Total borrowings		58,110,623	52,341,478	407,783	136,899

Group and Company

(a) Business cash line - i

The business cash line - i bear effective profit ranging from 7.60% to 7.85% (2015: 8.10%) per annum.

The business cash line - i of the Group is secured by way of:

(i) First party legal charge over a subsidiary's property;
(ii) First party second legal charge over a subsidiary's property;
(iii) Monthly sinking fund of RM56,000/- in the form of marginal deposit until it reaches RM10,000,000/-; and
(iv) Corporate guarantee of the Company.

NOTES TO THE FINANCIAL STATEMENTS

27. **LOANS AND BORROWINGS (CONTINUED)**

Group and Company (Continued)

(b) Hire purchase payables

	Group and Company	
	2016	**2015**
	RM	**RM**
Future minimum hire-purchase payables		
- not later than one year	115,992	36,840
- later than one year but not later than five years	332,490	113,562
	448,482	150,402
Less: Future finance charges	(40,699)	(13,503)
	407,783	136,899
Represented by		
- Current	98,227	31,086
- Non-current	309,556	105,813
	407,783	136,899

The hire-purchase payables of the Group and of the Company bear interest ranging from 4.66% to 5.28% (2015: 4.66% to 7.86%) per annum.

(c) Business financing - i

	Group	
	2016	**2015**
	RM	**RM**
Total outstanding	30,065,876	27,349,210
Less: Portion due within one year	(2,913,831)	(2,002,914)
Portion repayable after one year	27,152,045	25,346,296

Business financing - i 1 and 2 of a subsidiary amounting to RM1,139,434/- and RM10,285,096/- (2015: RM1,399,992/- and RM6,674,383/-) respectively, which both bear effective profit at 7.60% (2015: 7.85%) per annum and is repayable by 72 monthly instalments of RM31,209/- and 72 monthly instalments of RM203,591/- respectively and are secured and supported as follows:

(i) First party legal charge over a subsidiary's property; and
(ii) Corporate guarantee of the Company.

Business financing - i 3 of a subsidiary of RM18,641,346/- (2015: RM19,274,835/-) bears effective profit at 7.60% (2015: 7.85%) per annum. It is repayable in 180 monthly instalments of RM189,402/- and is secured as follows:

(i) First party second legal charge over a subsidiary's property;
(ii) Monthly sinking fund of RM56,000/- in the form of marginal deposit until it reaches RM10,000,000/-; and
(iii) Corporate guarantee of the Company.

NOTES TO THE FINANCIAL STATEMENTS

28. DEFERRED TAX LIABILITIES

	Group	
	2016 RM	2015 RM
At the beginning of the financial year	12,695,417	13,270,403
Transferred to profit or loss (Note 9)	(84,767)	(574,986)
At the end of the financial year	12,610,650	12,695,417
Representing the tax effect of:		
Temporary differences between net book value and corresponding tax written value	12,610,650	12,695,417

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables	8,550,965	12,288,218	-	-
Other payables	1,450,033	1,386,911	12,369	26,981
GST payables	999,025	511,722	-	-
Accrued expenses	3,438,926	2,959,416	49,540	47,100
Deposits received	1,726,077	1,800,582	2,248	2,248
Advances received from potential purchasers	275,390	275,689	-	-
	16,440,416	19,222,538	64,157	76,329

The normal trade credit term granted to the Group ranges from 30 to 60 days (2015: 30 to 60 days).

30. PROVISIONS FOR LIABILITIES

	(a) Provision for commitments RM	(b) Provision for furniture, fittings and equipments RM	(c) Provision for liquidated and ascertained damages RM	Total RM
Group				
At 1 January 2015	1,300,408	245,760	3,180,690	4,726,858
Recognised in profit or loss	-	559,392	2,003,693	2,563,085
Less: Utilisation of provision	(1,300,408)	(535,398)	-	(1,835,806)
At 31 December 2015	-	269,754	5,184,383	5,454,137
Recognised in profit or loss	-	482,391	395,273	877,664
Less: Utilisation of provision	-	(614,833)	(84,000)	(698,833)
At 31 December 2016	-	137,312	5,495,656	5,632,968

NOTES TO THE FINANCIAL STATEMENTS

30. **PROVISIONS FOR LIABILITIES (CONTINUED)**

(a) ***Provision for commitments***

This is in respect of anticipated losses arising from a corporate guarantee given to a financial institution for loan granted to a former subsidiary, FBO Leasing Sdn. Bhd. In year 2003. Bank Rakyat through the letter dated 23 June 2011, agreed RM28.5 million as the total settlement amount. The repayment of the outstanding amount will be through the sales proceeds from its subsidiary's development project.

On 11 December 2014, Bank Rakyat has approved the early settlement proposed by the Group for the above facilities with final settlement amount of RM24 million. As at 31 December 2014, the Group has made payment of RM20 million and hence the provision for commitments no longer required of RM1,919,422/- has been reversed and RM829,787/- of waiver of term loan interest has been recognised. The balance of provision for commitments as at 31 December 2014 of RM1,300,000/- and term loan of RM2.7 million has been fully paid off on 2 January 2015.

(b) ***Provision for furniture, fittings and equipment***

The provisions for furniture, fittings and equipment of a subsidiary are the funds used and expended for the following:

(i) To pay the costs of renewals, revisions, replacements, substitutions, refurbishment and additions to the furnishings and equipment; and
(ii) Refurbishment and extraordinary repairs to the building.

(c) ***Provision for liquidated and ascertained damages***

This was in respect of anticipated loss arising from late deliveries of property development projects to the buyers.

31. **RELATED PARTIES**

(a) **Identification of related parties**

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the Company or that has an interest in the Group and the Company that gives it significant influence over the Group's and the Company's financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in the Group and the Company resides with, directly or indirectly.

The nature of the relationship with the related parties are as follows:

Related Parties	**Nature of Relationship**
Eastern Biscuit Factory Sdn. Bhd. ("EBF")	Subsidiary company
FBO Land (Setapak) Sdn. Bhd. ("FBOLSTP")	Subsidiary company
FBO Properties Sdn. Bhd. ("FBOP")	Subsidiary company
Perfect Diamond Capital Sdn. Bhd. ("PDC")	Subsidiary company
EBF Land Sdn. Bhd. ("EBFL")	Subsidiary company
FBO Land (Serendah) Sdn. Bhd. ("FBOLSRD")	Subsidiary company
Rimaflex Sdn. Bhd. ("RMF")	Subsidiary company
Rimaflex Nominees (Tempatan) Sdn. Bhd. ("RMFNT")	Subsidiary company
Exquisite Properties Sdn. Bhd. ("EP")	Subsidiary company
P.A. Projects Sdn. Bhd. ("PAP")	Associate company

NOTES TO THE FINANCIAL STATEMENTS

31. **RELATED PARTIES (CONTINUED)**

(b) **Significant Related Party Transactions and Balances**

In the normal course of business, the Group and the Company undertake transactions with some of its related parties listed above. Set out below are the significant related party transactions for the financial year (In addition to the disclosure elsewhere in the financial statements).

	Company	
	2016	**2015**
	RM	**RM**
EBF		
- management fees receivable	472,877	437,149
- transfer of inventories	-	840,000
- transfer of property, plant and equipment	-	13,295,501
- transfer of prepaid land lease payment	-	4,824,499

(c) **Key Management Personnel Compensation**

	Group		**Company**	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Executive Directors				
Salaries and allowances	648,000	648,000	648,000	648,000
Other emoluments	95,072	104,760	95,072	104,760
	743,072	752,760	743,072	752,760
Non-Executive Directors				
Fees	336,000	265,000	336,000	265,000
	1,079,072	1,017,760	1,079,072	1,017,760

The estimated monetary value of Directors' benefit-in-kind is RM52,133/- (2015: RM RM47,200/-).

Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. There is no disclosure for the compensation to other key management personnel of the Company as the authority and responsibility for planning, directing and controlling the activities of the entity is performed by the directors.

NOTES TO THE FINANCIAL STATEMENTS

32. **FAIR VALUE OF FINANCIAL INSTRUMENTS**

(a) **Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

(i) Loan and receivables (LR);
(ii) Available-for-sale financial assets (AFS); and
(iii) Other financial liabilities measured at amortised cost (OL).

	LR RM	AFS RM	OL RM	Total RM
2016				
Group				
Financial Assets				
Other investment	-	494,268	-	494,268
Trade and other receivables (exclude prepayments and GST claimable)	4,944,396	-	-	4,944,396
Deposits placed with licensed banks	2,389,655	-	-	2,389,655
Cash and bank balances	2,046,533	-	-	2,046,533
Financial Liabilities				
Trade and other payables (exclude deposits received and GST payables)	-	-	13,715,314	13,715,314
Loans and borrowings	-	-	58,110,623	58,110,623
Company				
Financial Assets				
Other investments	-	494,268	-	494,268
Trade and other receivables (exclude prepayments)	11,495	-	-	11,495
Cash and bank balances	30,163	-	-	30,163
Financial Liabilities				
Trade and other payables (exclude deposits received)	-	-	61,909	61,909
Amount owing to subsidiaries	-	-	22,552,220	22,552,220
Loans and borrowings	-	-	407,783	407,783

NOTES TO THE FINANCIAL STATEMENTS

32. **FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

(a) **Categories of financial instruments (Continued)**

	LR RM	AFS RM	OL RM	Total RM
2015				
Group				
Financial Assets				
Other investment	-	477,288	-	477,288
Trade and other receivables (exclude prepayments and GST claimable)	6,533,882	-	-	6,533,882
Deposits placed with licensed banks	1,918,428	-	-	1,918,428
Cash and bank balances	1,706,581	-	-	1,706,581
Financial Liabilities				
Trade and other payables (exclude deposits received and GST payables)	-	-	16,910,234	16,910,234
Loans and borrowings	-	-	52,341,478	52,341,478
Company				
Financial Assets				
Other investment	-	477,288	-	477,288
Trade and other receivables (exclude prepayments)	11,495	-	-	11,495
Cash and bank balances	36,484	-	-	36,484
Financial Liabilities				
Trade and other payables (exclude deposits received)	-	-	74,801	74,081
Amount owing to subsidiaries	-	-	20,948,540	20,948,540
Loans and borrowings	-	-	136,899	136,899

(b) **Fair value information**

The carrying amount of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to relatively short-term nature of the financial instruments.

The carrying amount of the long term borrowing is reasonable approximations of fair value due to the insignificant impact of discounting.

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

		Fair value of financial instruments not carried at fair value			
	Carrying amount	Fair value			
Group	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2016					
Financial assets					
Other investment	494,268	3,262,196	-	-	3,262,196
Financial liabilities					
Business financing - i	30,065,876	-	-	32,350,883	32,350,883
Hire purchase payables	407,783	-	-	448,482	448,482

NOTES TO THE FINANCIAL STATEMENTS

32. **FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

(b) **Fair value information (Continued)**

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments: (Continued)

	Carrying amount Total RM	Fair value of financial instruments not carried at fair value — Fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group					
2015					
Financial assets					
Other investment	477,288	2,639,247	-	-	2,639,247
Financial liabilities					
Business financing - i	27,349,210	-	-	29,496,123	29,496,123
Hire purchase payables	136,899	-	-	150,402	150,402
Company					
2016					
Financial assets					
Other investment	494,268	3,262,196	-	-	3,262,196
Financial liabilities					
Hire purchase payables	407,783	-	-	448,482	448,482
Company					
2015					
Financial assets					
Other investment	477,288	2,639,247	-	-	2,639,247
Financial liabilities					
Hire purchase payables	136,899	-	-	150,402	150,402

There were no unrecognised financial instruments as at 31 December 2016 that we are required to be disclosed.

33. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, foreign currency risk, and market price risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligation. The Group's and the Company's exposure to credit risk arises primarily from trade receivables. It is the Group's policy to monitor the financial standing of these receivables on an on-going basis to ensure that the Group is exposed to minimal credit risk.

NOTES TO THE FINANCIAL STATEMENTS

33. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(a) **Credit risk (continued)**

Trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these receivables on an on-going basis to ensure that the Group is exposed to minimal credit risk.

Exposure to credit risk

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. The Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

The Group's exposure to credit risk in relation to its trade receivables, should all its customers fail to perform their obligations as of 31 December 2016, is the carrying amount of these receivables as disclosed in the statements of financial position.

Financial assets

Deposits placed with licensed bank and investment securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Trade and other receivables that are either past due or impaired

Information regarding trade and other receivables that are past due or impaired is disclosed in Note 21 to the financial statement.

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries.

The maximum exposure to credit risk amounts to RM57,593,704/- (2015: RM52,204,579/-) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(b) **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

NOTES TO THE FINANCIAL STATEMENTS

33. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(b) **Liquidity risk (Continued)**

Maturity analysis (Continued)

	Carring amout RM	Contractual cash flows Within 1 Year RM	1 - 5 Years RM	> 5 Years RM	Total RM
2016					
Group					
Financial Liabilities					
Trade and other payables	16,440,416	16,440,416	-	-	16,440,416
Business cash line - i	27,636,964	27,636,964	-	-	27,636,964
Hire purchase payables	115,992	115,992	332,490	-	448,482
Business financing - i	30,065,876	5,090,433	24,484,674	15,909,815	45,484,922
Company					
Trade and other payables	64,157	64,157	-	-	64,157
Amount owing to subsidiaries	22,552,220	22,552,220	-	-	22,552,220
Hire purchase payable	115,992	115,992	332,490	-	448,482
Financial guarantee	30,065,876	32,727,397	24,484,674	15,909,815	73,121,886
2015					
Group					
Financial Liabilities					
Trade and other payables	19,222,538	19,222,538	-	-	19,222,538
Business cash line - i	24,855,369	24,855,369	-	-	24,855,369
Hire purchase payables	36,840	36,840	113,562	-	150,402
Business financing - i	27,349,210	4,079,862	14,964,983	20,465,196	39,510,041
Company					
Trade and other payables	76,329	76,329	-	-	76,329
Amount owing to a subsidiaries	20,948,540	20,948,540	-	-	20,948,540
Hire purchase payable	36,840	36,840	113,562	-	150,402
Financial guarantee	27,349,210	28,935,231	14,964,983	20,465,196	64,365,410

(c) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its risk.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an on-going basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk (Continued)

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as the end of the reporting period were:

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Floating rate instruments					
Financial Liabilities					
Business cash line - i	27 (a)	27,636,964	24,855,369	-	-
Business financing - i	27 (c)	30,065,876	27,349,210	-	-
Fixed rate instruments					
Financial Asset					
Deposits placed with licensed banks	23	2,389,655	1,918,428	-	-
Financial Liabilities					
Hire purchase payables	27 (b)	407,783	136,899	407,783	136,899

Sensitivity analysis for interest rate risk

(i) *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss and equity. Therefore a change in interest rates at the reporting date would not affect profit or loss and equity.

(ii) *Fair value sensitivity analysis for floating rate instruments*

A change of 1% in interest rates at the end of reporting period would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables remain unchanged.

	Profit before tax			
	Increase 1%		Decrease 1%	
	2016 RM	2015 RM	2016 RM	2015 RM
Group				
Floating rate instruments				
Financial Liabilities	(577,028)	(522,046)	577,028	522,046

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments outside Malaysia are listed on ASX in Australia. These instruments are classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

NOTES TO THE FINANCIAL STATEMENTS

33. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(e) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the other investments.

The Group's and the Company's financial asset of the Group that are not denominated in their functional currencies are as follows:

	Group and Company Functional currencies RM
Financial assets and liabilities not held in functional currencies	
31 December 2016	
Other investment	
Australian Dollar	494,268
31 December 2015	
Other investment	
Australian Dollar	477,288

Sensitivity analysis for foreign currency risk

The Group's and the Company's principal foreign currency exposure relates mainly to Australian Dollar ("AUD").

The following table demonstrate the sensitivity to a reasonably possible change in the AUD, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	Change in rate	Effect on loss for the financial year RM	Effect on equity RM
31 December 2016			
- AUD	10%	49,427	49,427
	-10%	(49,427)	(49,427)
31 December 2015			
- AUD	10%	47,729	47,729
	-10%	(47,729)	(47,729)

NOTES TO THE FINANCIAL STATEMENTS

34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure by monitoring the capital and net debt on an on-going basis. To maintain the capital structure, the Group may adjust the dividend payment to shareholders.

There were no changes in the Group's approach to capital management during the financial year.

	Group	
	2016 RM	**2015 RM**
Total borrowings	58,110,623	52,341,478
Less : Cash and cash equivalents	(25,590,431)	(23,148,788)
Net debt	32,520,192	29,192,690
Total equity	191,311,950	196,095,803
Debt-to-equity ratio	0.17	0.15

35. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) Companies Act 2016

The Minister of Domestic Trade, Co-operatives and Consumerism appointed 31 January 2017 as the date on which Companies Act 2016 comes into operation except for Section 241 and Division 8 of Part III.

Accordingly, the Group and the Company shall prepare the financial statements for the financial year ending 31 December 2017 in accordance with the requirements of Companies Act 2016 which will be applied prospectively.

Amongst the key changes introduced in the Companies Act 2016 which will affect the financial statements of the Group and of the Company are, where applicable:

- the removal of the authorised share capital;
- shares issued will have no par or nominal value; and
- share premium and capital redemption reserve will become part of share capital.

In addition, the financial statements disclosure requirements under the Companies Act 2016 are different from those requirements set out in the Companies Act 1965. Consequently, items to be disclosed in the Group's and the Company's financial statements for the financial year ending 31 December 2017 may be different from those disclosed in the financial statements for the current financial year.

36. CORPORATE GUARANTEE

	Company	
	2016 RM	**2015 RM**
Corporate guarantees given by the Company to secure for credit facilities granted to a subsidiary	30,065,876	27,349,210

NOTES TO THE FINANCIAL STATEMENTS

37. **MATERIAL LITIGATION**

FBO Land (Setapak) Sdn. Bhd. ("FBOL") vs Tow Kong Liang & 14 others

FBOL, a wholly owned subsidiary of the Company had on 3 March 2006 filed a suit against the previous management and nine other parties ("the defendants") for the return of 9 units of shoplots belonging to FBOL. On 30 April 2012, the High Court ruled in favour of FBOL allowing its claim with costs. The defendants had filed an appeal to the Court of Appeal against the High Court ruling. On 1 April 2015, the Court of Appeal held hearing and heard submissions from FBOL and the defendants. On 15 May 2015, The Court of Appeal allowed the defendants' appeal. FBOL have filed for Motion for Leave from the Federal Court to appeal against the Court of Appeal's decision. The Federal Court has fixed for case management on 24 May 2016 pending the release of Grounds of Judgment from the Court of Appeal. In addition to the above suit for the return of 9 units of shoplots, FBOL had also filed for Assessment of Damages to claim from the defendants for the recovery of rental income generated from the 9 units of shoplots from the time the shoplots were transferred from FBOL. As FBOL has not received grounds of judgment from the Court of Appeal, the leave application is fixed for case management on 23 May 2017.

NOTES TO THE FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the accumulated losses of the Group and the Company as at 31 December 2016 are as follows:-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total accumulated losses of the Company and its subsidiaries:				
- Realised	37,654,996	39,509,614	(50,273,597)	(49,461,576)
- Unrealised	38,513,411	38,496,431	(1,283,428)	(1,300,408)
	76,168,407	78,006,045	(51,557,025)	(50,761,984)
Total share of accumulated losses from an associate:				
- Realised	(400,000)	(400,000)	-	-
	75,768,407	77,606,045	(51,557,025)	(50,761,984)
Less : Consolidation adjustments	(118,388,277)	(115,442,062)	-	-
Total group accumulated losses as per statements of financial position	(42,619,870)	(37,836,017)	(51,557,025)	(50,761,984)

The determination of realised and unrealised profits is based on 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*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

PROPERTIES OWNED BY THE COMPANY AND ITS SUBSIDIARIES

Registered Beneficial Owner	Description and existing use	Location	Tenure	Land Area/ Floor Area	Age of Building (Year)	Net Book Value RM	Date of Acquisition/ Revaluation
FBO Land (Setapak) Sdn Bhd	Office	No. 24, Jalan 8/23E Taman Danau Kota Setapak 53300 Kuala Lumpur	Leasehold (Expiring on 2085)	1,650 square feet	19	760,528	09/01/2008
Eastern Biscuit Factory Sdn Bhd	2-Level Basement Carpark, 7-Storey Podium Shopping Centre and an 11-storey International Class 5-Star Hotel	Kota Sri Mutiara Jalan Sultan Yahya Petra 15150 Kota Bharu, Kelantan	Freehold	8,068 square metres	19	202,678,876	27/04/2009
Eastern Biscuit Factory Sdn Bhd	Completed condominium 12 units Completed shop lots 20 units	Kota Sri Mutiara Jalan Sultan Yahya Petra 15150 Kota Bharu, Kelantan	Freehold	23,586 square feet	19	4,165,142	27/04/2009
Eastern Biscuit Factory Sdn Bhd	Property development land	Lot No. 82 GN No. 8158 Seksyen 21 Bandar Kota Bharu Jajahan Kota Bharu, Kelantan	Freehold	1,606 square metres	N/A	1,300,000	20/08/2009
Eastern Biscuit Factory Sdn Bhd	Property development land	Mukim Kuala Lemal Jajahan Pasir Mas Kelantan	Leasehold (Expiring on 22 July 2074)	6.71 acres	N/A	3,025,570	27/04/2009
Eastern Biscuit Factory Sdn Bhd	Completed shop houses 15 units 2-storey 2 units 3-storey	Mukim Kuala Lemal Jajahan Pasir Mas Kelantan	Leasehold (Expiring on 22 July 2074)	29,060 square feet	1	6,766,404	15/5/2016

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2017

Issued and Paid-up Capital	:	RM122,833,988 divided into 245,667,975 shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share
No. of Shareholders	:	15,365

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2017

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Issued Share Capital
1 to 99 shares	7,774	50.60%	325,182	0.13%
100 to 1,000 shares	4,521	29.42%	1,366,375	0.56%
1,001 to 10,000 shares	2,002	13.03%	8,963,588	3.65%
10,001 to 100,000 shares	896	5.83%	29,354,000	11.95%
100,001 to 12,283,397 shares	170	1.11%	175,112,900	71.28%
12,283,398 and above	2	0.01%	30,545,930	12.43%
TOTAL	**15,365**	**100%**	**245,667,975**	**100%**

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2017 (as per Register of Directors' Shareholdings)

Name of Directors	No. of Shares (Direct)	%	No. of Shares (Indirect)	%
Melvinyeo Kiandee	8,397,500	3.42	–	–
Tan Chin Hong	–	–	18,333,928*	7.46
Mau Kam Wai	–	–	–	–
Dato' Sri Abdul Hamidy Bin Abdul Hafiz	–	–	–	–
Datuk Yunus @ Mohd Yunus Bin Awang Hashim	–	–	–	–
Mohamed Akwal Bin Sultan Mohamad	–	–	–	–
Petrus Gimbad	–	–	–	–

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2017 (as per Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Shares (Direct)	%	No. of Shares (Indirect)	%
Sydney Lim Tau Chin	–	–	17,966,430#	7.31
Tan Kok Aun	1,763,200	0.72	17,966,430#	7.31
Maylex Ventures Sdn. Bhd.	17,966,430	7.31	–	–
Prestige Pavilion Sdn. Bhd.	17,670,000	7.19	–	–
Tan Chin Hong	–	–	18,333,928*	7.46
Tan Chin Hao	84,000	0.03	18,249,928^	7.43

Indirect interest by virtue of his directorship and shareholding in Maylex Ventures Sdn. Bhd.

* Indirect interest by virtue of his directorship and shareholding in Prestige Pavilion Sdn. Bhd. and Danhwa Holding Sdn. Bhd. and shareholding of his sister, Adeline Tan Wan Chen.

^ Indirect interest by virtue of his directorship and shareholding in Prestige Pavilion Sdn. Bhd. and Danhwa Holding Sdn. Bhd. and deemed interest by virtue of shares held by his sister, Adeline Tan Wan Chen.

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2017

THIRTY LARGEST SHAREHOLDERS

No.	Name	Shareholdings No. of Shares	Shareholdings Percentage (%)
1	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB BANK FOR PRESTIGE PAVILION SDN. BHD. (MY1661)	17,670,000	7.19
2	**RHB NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MAYLEX VENTURES SDN. BHD.	12,875,930	5.24
3	**NG VUI KEE @ VICKY NG**	10,766,900	4.38
4	**KULIM (MALAYSIA) BERHAD**	9,713,200	3.95
5	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB FOR CHU SHENG TAUR (PB)	9,119,533	3.71
6	**MAYBANK NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR RICKOH CORPORATION SDN BHD	9,000,000	3.66
7	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB FOR CHU JAN TOW	8,734,813	3.56
8	**MELVINYEO KIANDEE**	8,397,500	3.42
9	**CHONG OI LING**	7,678,000	3.13
10	**CHEW KENG SIEW**	6,680,000	2.72
11	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR CHIN KIM FEN	6,670,700	2.72
12	**ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR GOLDMATRIX RESOURCES SDN. BHD. (MU004)	6,006,200	2.44
13	**MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MARY TAN @ TAN HUI NGOH (STF)	5,700,000	2.32
14	**MAYBANK NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR THONG MENG CHIL	5,528,800	2.25
15	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MAYLEX VENTURES SDN. BHD	5,090,500	2.07
16	**POH SHIOW WOAN**	5,078,521	2.07
17	**TEY CHEE THONG**	4,765,600	1.94
18	**LEONG WEE MING**	4,661,700	1.90
19	**CONNIE LEE FEN LING**	4,564,200	1.86
20	**LING TUNG TAH**	2,588,600	1.05
21	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB BANK FOR HII JOON TECK (MQ0439)	2,571,100	1.05
22	**WAQAF AN-NUR CORPORATION BERHAD**	2,250,000	0.92
23	**LIM HONG SANG**	2,161,400	0.88
24	**UNIVERSAL TRUSTEE (MALAYSIA) BERHAD**	1,918,032	0.78
25	**WONG YAPP FAH @ CECELLIA WONG**	1,886,700	0.77
26	**WONG LUN LEONG @ HELEN**	1,778,300	0.72

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2017

No.	Name	Shareholdings	
		No. of Shares	**Percentage (%)**
27	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB BANK FOR CHONG OI LING (MQ0441)	1,550,000	0.63
28	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR TAN KOK AUN	1,463,200	0.60
29	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN BHD	1,333,100	0.54
30	**RHB NOMINEES (TEMPATAN) SDN BHD** SOO WING CHING	1,230,800	0.50
	Total	**169,433,329**	**68.97**

EASTLAND EQUITY BHD. (515965-A)

Incorporated in Malaysia

PROXY FORM

No. of Shares Held	
CDS Account No.	

I/We ______________________________(name of shareholder as per NRIC, in capital letters)

NRIC No./ID No./Company No. ____________________ (new)____________________ (old)

of ______________________________(full address)

being a member of EASTLAND EQUITY BHD., hereby appoint ______________________________

(name of proxy as per NRIC, in capital letters) NRIC No. ____________________(new)____________________(old)

of ______________________________ (full address)

or failing him/her ______________________________ (name of proxy as per NRIC, in capital letters)

NRIC No. ____________________ (new)____________________ (old) of ____________________

______________________________ (full address) or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Seventeenth Annual General Meeting of the Company, to be held at Merbok Room, Level 6, Renaissance Kota Bharu Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan on Monday, 22 May 2017 at 8.30 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

NO.	ORDINARY RESOLUTION	FOR	AGAINST
1.	To re-elect Mr Mau Kam Wai as Director		
2.	To re-elect Mr Petrus Gimbad as Director		
3.	To approve the payment of Directors' fees and benefit payable for the financial year ending 31 December 2017		
4.	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration		
5.	To authorise the Directors to allot and issue shares		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

____
Signature of Shareholder or Common Seal

Dated this __________ day of __________ 2017

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:	
	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

Notes:-

1. A member entitled to attend and vote at the general meeting is entitled to appoint more than one (1) proxy to attend and vote in his/her stead. Where a member appoints two (2) or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each account it holds.
3. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar. Where a member appoints more than one (1) proxy, he shall specify the proportions of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy must be under the hand of the appointer or his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registrars' Office at Boardroom Corporate Services (KL) Sdn. Bhd., Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof. Any termination of a person's authority to act as a proxy shall be notified in writing and received by the Company at the Registered Office before the commencement of this meeting.
6. In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 15 May 2017 shall be eligible to attend, speak and vote at this meeting or appoint proxy (ies) to attend and vote on his/her behalf.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms pursuant to Personal Date Protection Act, 2010.

Fold this flap for sealing

Then fold here

Affix Postage Stamp Here

The Share Registrars

BOARDROOM CORPORATE SERVICES (KL) SDN BHD

Lot 6.05, Level 6, KPMG Tower

8 First Avenue, Bandar Utama

47800 Petaling Jaya

Selangor Darul Ehsan

Malaysia

1st fold here

EASTLAND EQUITY BHD. (515965-A)
24 Jalan 8/23E, Taman Danau Kota
53300 Setapak, Kuala Lumpur
Tel: 603-4149 8200
Fax: 603-4149 8210
www.eeb.com.my