eastland
EASTLAND EQUITY BHD. (515965-A)

ANNUAL REPORT 2017

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the Company will be held at Merbok Room, Level 6, The Grand Renai Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan on Monday, 28 May 2018 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 2017 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 1 of the Explanatory Notes)**
2. To re-elect Datuk Yunus @ Mohd Yunus Bin Awang Hashim as Director who is retiring under Article 84 of the Articles of Association of the Company. **Ordinary Resolution 1**
3. To re-elect Mr Tan Chin Hong as Director who retiring under Article 84 of the Articles of Association of the Company. **Ordinary Resolution 2**
4. To approve the Directors' Fees and Benefits Payable to the Directors amount not exceeding RM650,000.00 for the financial year ending 31 December 2018 until the next Annual General Meeting 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 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES UNDER SECTION 76 OF THE COMPANIES ACT 2016 ("THE ACT")**

   "THAT pursuant to Section 76 of the Act, 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 ("AGM") 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 number of issued shares of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issuance." **Ordinary Resolution 5**

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

Selangor Darul Ehsan
Date: 27 April 2018

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.

NOTICE OF ANNUAL GENERAL MEETING

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 18 May 2018 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

The agenda item no. 1 is meant for discussion only as the provision of Section 340(1) of the Act 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 Seventeenth AGM held on 22 May 2017, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Act. 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 AGM, 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 AGM 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				
		2017	2016	2015	2014	2013
Revenue	RM	17,741,751	24,155,672	31,660,137	33,799,456	39,342,068
EBITDA	RM	(2,244,919)	1,329,678	15,226,415	10,733,844	7,838,729
(Loss)/Profit before tax	RM	(8,229,642)	(4,591,109)	9,170,671	6,898,127	6,665,017
(Loss)/Profit from continuing operations	RM	(7,953,800)	(4,783,853)	8,764,144	6,703,963	5,073,939
Net (Loss)/Profit attributable to equity holders	RM	(7,953,800)	(4,783,853)	8,764,144	6,703,963	5,073,939
Total Assets	RM	278,514,301	284,106,607	285,809,373	317,501,364	309,362,333
Total Liabilities	RM	95,156,151	92,794,657	89,713,570	130,169,705	128,734,637
Total Net Assets/Total Equity	RM	183,358,150	191,311,950	196,095,803	187,331,659	180,627,696
Return on Equity (ROE)	%	(4.34)	(2.50)	4.47	3.58	2.81
Return on Total Assets (ROTA)	%	(2.86)	(1.68)	3.07	2.11	1.64
Gearing Ratio	Times	0.52	0.49	0.46	0.69	0.71
Interest Coverage Ratio	Times	(3.40)	(1.50)	5.65	31.33	12.41
Earnings per share (EPS)	SEN	(3.24)	(1.95)	3.57	2.73	2.22
Net Tangible Asset per share	RM	0.75	0.78	0.80	0.76	0.74
Price Earning (PE) Ratio	Times	(4.17)	(9.49)	8.68	15.57	21.40
Share Price as at the Financial Year End	RM	0.14	0.19	0.31	0.43	0.48

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)

Datuk 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
Chairman and Independent Non-Executive Director, Malaysian, Age 61, 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.

Dato' Sri Hamidy holds a Bachelor Degree in Business Administration and Master of Business Administration from Ohio University.

He has more than thirty (30) years of banking experience having served domestic and foreign Commercial Banks, Merchant Bank and Islamic Bank. He was formerly the 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) Berhad., Sime Darby Berhad, Chubb Insurance Malaysia Berhad. and Sky Xchange Sdn. Bhd. and Independent Non-Executive Director / Chairman of AmBank Islamic Bhd.

Dato' Sri Hamidy is also a member of Bursa Malaysia Listing Committee and Chairman of Corporate Debt Restructuring Committee (CDRC) established by Bank Negara Malaysia.

Dato' Sri Hamidy 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 ten (10) years.

He attended all seven (7) Board meetings held during the financial year ended 31 December 2017.

DATUK YUNUS @ MOHD YUNUS BIN AWANG HASHIM
Deputy Chairman and Independent Non-Executive Director, Malaysian, Age 70, 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 and 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 ten (10) years.

He attended six (6) out of seven (7) Board meetings held in the financial year ended 31 December 2017.

PROFILE OF THE BOARD OF DIRECTORS

DATUK MELVINYEO KIANDEE
Executive Director, Malaysian, Aged 55, Male

Datuk Melvinyeo was appointed as an Executive Director of the Company on 17 July 2013.

Datuk Melvinyeo holds a First Class Honours Degree in Architecture, University Teknologi Malaysia and founded his architectural practice in 1989. He has been practising as an Architect for over twenty-seven (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, convention centre, 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 attended six (6) out of seven (7) Board Meetings held during the financial year ended 31 December 2017.

MAU KAM WAI
Executive Director, Malaysian, Aged 53, 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 (27) 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 ten (10) years.

He has attended all seven (7) Board Meetings held during the financial year ended 31 December 2017.

TAN CHIN HONG
Executive Director, Malaysian, Aged 41, 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 in 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 virture of Section 8 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 ten (10) years.

He attended all seven (7) Board meetings held during the financial year ended 31 December 2017.

PROFILE OF THE BOARD OF DIRECTORS

PETRUS GIMBAD

Independent Non-Executive Director, Malaysian, Aged 61, 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 and Yayasan Innovasi Malaysia. 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 ten (10) years.

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

He attended all seven (7) Board meetings held in the financial year ended 31 December 2017.

MOHAMED AKWAL BIN SULTAN MOHAMAD

Independent Non-Executive Director, Malaysian, Aged 64, 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 thirty (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 six (6) out of seven (7) Board meetings held in the financial year ended 31 December 2017.

PROFILE OF KEY SENIOR MANAGEMENT

LEE CHEE KIANG
Chief Executive Officer, Malaysian, Aged 44, Male

Lee Chee Kiang was appointed as Chief Executive Officer (CEO) of the company on 23 January 2018.

He has completed the Real Estate CEO's Advance Course with Tshinghua University in Beijing and has more than twenty (20) years of experience in the real estate industry.

He started from a very humble beginning as a Marketing Executive overseeing project worth RM171 million. Within the next ten (10) years timeframe he has successfully completed development worth RM215 million.

In 2007, with the vision to change the Skyline of Kota Kinabalu, he has set-up his own company which has completed project worth approximately RM340 million till to date. He is currently overseeing various projects worth RM640 million and will be managing upcoming project in the pipeline which is estimated to be worth RM4.7 billion.

He does not have:

1) any directorship in public companies and listed issuers;
2) any interest (direct or indirect) in the securities of the Company; and
3) 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 ten (10) years.

SAN TUCK HOE
Financial Controller, Malaysian, Aged 49, 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 twenty (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:

1) any directorship in public companies and listed issuers;
2) any interest (direct or indirect) in the securities of the Company; and
3) 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 ten (10) years.

PROFILE OF KEY SENIOR MANAGEMENT

ERIC WEE EI-MAS
Project Manager, Malaysian, Aged 39, 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 fifteen (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, Marketing and Contracts Law with Yale, The Wharton School and Harvard respectively.

He does not have:

1) any directorship in public companies and listed issuers; and
2) 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 ten (10) years.

He has a direct interest of 41,000 ordinary shares in the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES IN 2017

Eastland Equity Bhd ("Company") is an investment holding company with principal activities in hospitality, investment properties and property development. Business activities of the Group within the segments of hospitality, investment properties and property development were predominantly located in Kelantan comprising respectively The Grand Renai Hotel (formerly known as Renaissance Kota Bharu Hotel) ("Hotel"); Kota Sri Mutiara Shopping Complex ("KSM") both in Kota Bharu; and Bandar Tasek Raja ("BTR") a commercial property development project in Pasir Mas which is a joint venture with Majlis Daerah Pasir Mas ("MDPM").

Following the completion of BTR Phase 1 ("BTR1") in 2016, BTR Phase 2 ("BTR2") was launched in stages in 2017 to be in line with market sentiments. In line with the Group's plan to diversify into high growth area, and to strengthen its financial position, the Group had identified Kota Kinabalu as a strategic growth area in view of it being a fast-growing tourist destination and the many infrastructure and Entry Point Projects under the Economic Transformation Programme announced by the government. On 6 November 2017 the Group embarked on a fund raising exercise to acquire a strategic land in downtown Kota Kinabalu to be developed into a mixed development project comprising 2 blocks of a 3 star hotel, hotel suites and retail lots.

Hospitality

Revenue of the Hotel which mainly came from room sales were affected by the soft market due to reduced activities from the Oil & Gas sector, intense competition from newer hotels in Kota Bharu and general cost cutting measures by private and public sector organisations because of the challenging economic environment.

On 1 December 2017, the Group rebranded the hotel as 'The Grand Renai' to take over the hotel operation following the mutual termination of the Hotel Management Agreement with the Marriott International Group on 30 November 2017. Against the back drop of this weak economic environment, it has become commercially not viable to maintain an international luxury hotel brand. However, given the importance of maintaining the service standards, the core management team with experience in international service standards has been retained to continue to run the rebranded Hotel, with advice from a consultant who has vast experience in the hotel industry.

Investment Properties

In the investment property business, the Group has successfully negotiated the extension of the tenancy with the anchor tenant of the mall, Billion Kota Bharu, for a 3-year term ending on 31 December 2019. To retain the existing tenants and to attract new tenants, the Group has also implemented crowd pulling strategies such as food and beverages outlets, government agencies and tuition centres.

Property Development

BTR is fast developing into the new township for Pasir Mas following the relocation of the old market and the availability of new bus and taxi terminal in BTR. BTR 1 which was completed in 2016 include the handover of 2-storey dry and wet market, a surau and a bus and taxi terminal. As of December 2017, 22 units of shoplots are still available for sale.

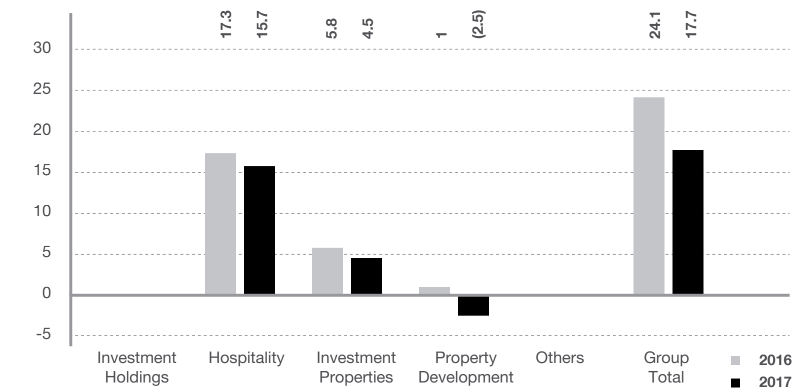
In January 2017, the Group launched BTR2 which comprised 154 units of 3-Storey shoplots. However, this will be developed in stages commensurate with market condition. The first block of 30 units is under construction.

The recent launch of PR1MA homes and other residential projects of some 5,000 residential units in the vicinity, to be developed within the next 3 years, and the local and state governments looking into revitalising the Halal Hub which is located 4km away, are expected to bring an infusion of industries into the district. Considering its strategic location, BTR is expected to be a catchment point and major beneficiary of these new developments.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

Revenue (RM' mil)



Total Group revenue for the year was RM17.7Mil as compared to the preceding year of RM24.1Mil. This decrease in Group revenue was mainly attributed to lower revenues from hospitality and investment property businesses coupled with the reversal of revenue from property development business due to cancellation of sales.

Revenue contributions and performance review of the three key segments of the Group were as follows:

Hospitality

Revenue from the Hotel was RM15.7Mil as compared to RM17.3Mil of the preceding year. The decrease was due to slightly lower occupancy rate of 36.19% in 2017 as compared to 38.24% in 2016 due to the soft market in Kota Bharu.

Investment Properties

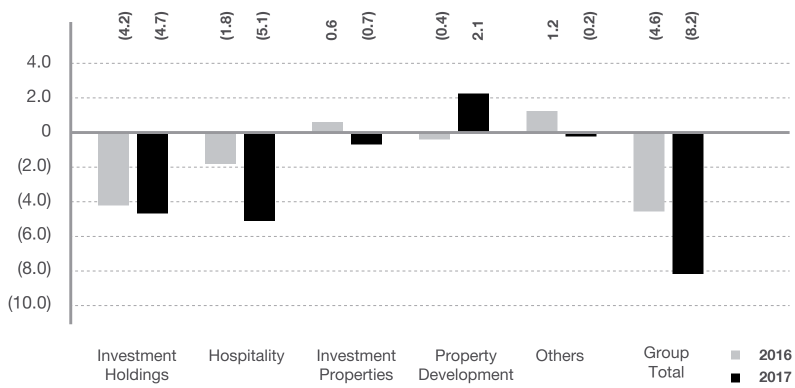
Revenue from investment property business reduced from RM5.8Mil to RM4.5Mil in 2016 and 2017 respectively. The lower revenue was mainly attributed to the transfer of the management of the condominiums and shopping complex building to Kota Sri Mutiara Management Corporation effective from 1 April 2017 and the lower rental rates from the shopping complex to counter the increasing competition from emerging newer malls.

Property Development

The property development segment recorded a negative revenue for 2017 amounting to RM2.5Mil as compared to revenue of RM1.0Mil recorded in the preceding year. The negative revenue was due to reversal of sales of shoplot at BTR1 following the rejection by the local authority to obtain transfer of land titles.

PROFITIBILITY

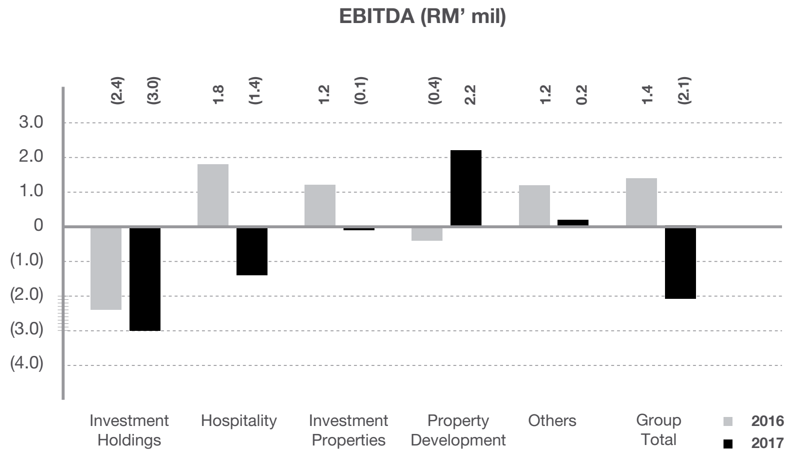
LBT (RM' mil)



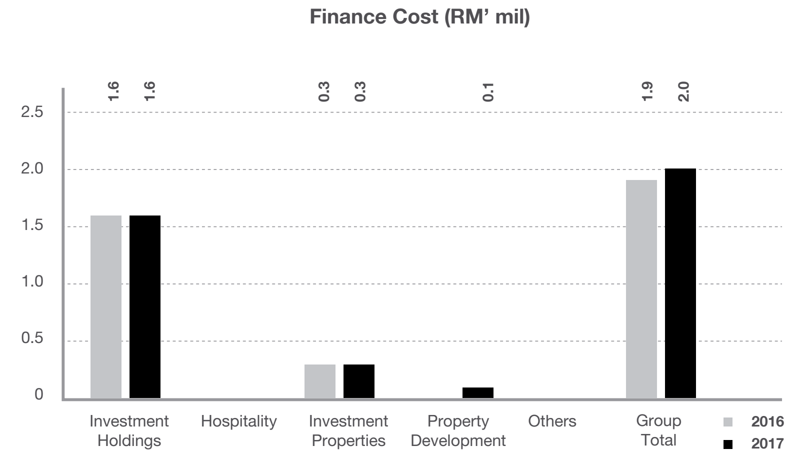
MANAGEMENT DISCUSSION AND ANALYSIS

The Group registered a loss before tax of RM8.2Mil for 2017 as compared to a loss before tax of RM4.6Mil in the preceding year. The increase in loss before tax was mainly attributed to the lower revenue RM1.6Mil and RM1.3Mil in Hospitality and Property Investment segments respectively; and the reversal of shoplot sales of RM2.5Mil.

Although revenue declined by RM6.4 million from 2016 to 2017, the loss before tax of the Group increased by RM3.6Mil only i.e. from RM4.6Mil to RM8.2Mil. This is mainly due to savings from write back of LAD of RM1.1Mil following a negotiated settlement and a write back of over-provision of total project cost for BTR1. However, the effect of these savings was softened by the fair value adjustment of RM2.34Mil from the reduced valuation of the KSM property to RM85.1Mil.



FINANCE COST



Finance cost relates to the Islamic term loans and overdraft facilities utilised for project development and working capital purposes and accrued interest owing to a contractor.

MANAGEMENT DISCUSSION AND ANALYSIS

ASSET CHANGES

Property, Plant and Equipment

The reduction in Property, Plant and Equipment by RM4.0Mil is mainly due to depreciation charges of the Hotel.

Investment Properties

The decrease of RM2.3Mil was due to fair value adjustment from revaluation of the KSM property.

Property Development Expenditure

The increase in property development expenditure was made up of capitalisation of finance costs totalling RM2.7Mil and development costs of RM1.5Mil.

Inventories

The increase in inventory of RM2.3Mil was mainly due to the cancellation of the sale of shoplots at BTR1.

Liquidity

The Cash and Bank Balance as at 31 Dec 2017 at RM1.18Mil was lower by 42% as compared to 2016 due to lower revenues coupled with settlements of various payables. However, debt collectability period for Hotel trade receivables improved to 29 days in 2017 as compared to 38 days in the preceding year.

Capital Requirement, Structure and Resources

Total term loans and bank overdraft increased from RM58.1Mil in 2016 to RM58.9Mil in 2017, mainly due to payments for BTR2 contractor and operational expenditure. This resulted in a slight increase in the Group's gearing ratio from 0.49 in 2016 to 0.52 in 2017.

KNOWN TRENDS AND MOVING FORWARD

Financial liquidity, uncertainties in global economy and domestic demand are the main challenges for the Group in 2018.

The move by the Group into Sabah is of strategic importance because this state is among the fastest growing tourist destination in Malaysia and the many Entry Point Projects under the Economic Transformation Programme, such as the Sabah International Convention Centre, the Tanjung Aru Eco Development Project and the Pan-Borneo Highway, is expected to provide the economic impetus to grow the state to a new level. This will also enable the Group to diversify its risk from overly relying on Kelantan.

The Group has accordingly embarked on a fund raising exercise by the means of a rights issue to support the proposed acquisition of a strategic land located in the city centre of Kota Kinabalu which is the fastest growing international tourist destination in Malaysia.

The development plan has been approved by Dewan Bandaraya Kota Kinabalu on 10 January 2017 for a proposed 2 blocks of 28 storey 3 star hotel and hotel suites together with retail lots. The development of this project is expected to commence in the third quarter of 2018 and completed over 3 years. The listing application in relation to the Proposed Rights Issue with Warrants has been submitted to Bursa Securities on 13 March 2018.

The fund raising exercise and the potential value of the project in Kota Kinabalu, estimated at a gross development value and gross development cost of RM356.9Mil and RM282.05Mil respectively, are also significant as these are expected to improve the financial position of the Group.

DIVIDEND

The Board does not recommend any dividend for the financial year 2017.

SUSTAINABILITY STATEMENT

In accordance to MMLR, listed issuers are required to ensure that its annual report contains a Sustainability Statement for financial years ending on or after 31 December 2017. The Board is pleased to share with the shareholders the principles and action plan to embark on the sustainable initiatives in the Group.

At Eastland, we strive to uphold our corporate mission to build a reputable organisation that continues to create long term value for its stakeholders, and a name that synonymous to quality of product and services. Towards this end, the Group will strive to achieve the following core values and standards:

a. Customer Centric
We will put our customer first at our service and product deliveries;

b. Teamwork
We will harness the synergy and productivity of team work in achieving our goals; and

c. Commitment
We will commit to creating positive impact to the community at all times.

The Group will establish a formal sustainability framework in stages and will embrace the key principles in the Sustainability Reporting Guide issued by the Bursa Securities on the following:

- Define Board's oversight structure for overseeing the sustainability reporting;
- Review the context of economic, environmental and social which the Group is operating at;
- Identify the materiality and impact arising from the Group's business activities on these economic, environmental and social factors;
- Ensure focus and attention are being given to manage the identified material factors appropriately; and
- Define measures and target to monitor management initiatives on sustainability.

With respect to the corporate social responsibilities, the Group continues to uphold its values of good corporate citizenship and to help under-privileged and lower income groups within the community where its core business is currently operating. The Group had organised and carried out the following activities and programs in 2017:

"GIVE HOPE SAVE LIFE" BLOOD DONATION

On 15th March 2017, The Grand Renai Hotel (formerly known as Renaissance Kota Bharu Hotel) ("the Hotel") organised a charity event, inviting all ambassadors to participate and donate to this event. The event serves to raise awareness on the importance of the blood bank and promote a caring society through a series of this activity every year.

"TAKE CARE" SPRING CLEANING

In conjunction with the Take Care Wellbeing Program, on 28th April 2017 the Hotel organised adhoc Spring Cleaning (Gotong Royong) to clean the drainage system along the ambassador entrance and loading bay towards the side parking area.

"VISIT OLD FOLKS HOME" SPIRIT TO SERVE (STS) OUR COMMUNITIES PROGRAM

On 25th May 2017, the Hotel had carried out "Visit Old Folks Home Mission " as our Spirit to Serve Our Communities project in conjunction with 2017 Associates Appreciation Week (AAW). This program took place at Rumah Seri Kenangan Taman Kumumin in Kota Bharu, where basic necessities were given out such as drinking water, dry food, personal care set (tooth brush, adult diapers, bath soap etc.), collected by hotel committee and respective customers and clients. Management also provided lunch for 110 old folks and 40 caretakers.

SUSTAINABILITY STATEMENT

"IFTAR JAMAIE WITH UNDERPRIVILEGED CHILDREN" SPIRIT TO SERVE (STS) OUR COMMUNITIES PROGRAM

On 18 July 2017, the Hotel has invited underprivileged children from Sek. Men. Keb. Gaal & Sek. Men. Keb. Gunong for iftar jamaie. The program involved 90 underprivileged children from both school, assisted by six teachers.

"RUN TO GIVE 2017" SPIRIT TO SERVE (STS) OUR COMMUNITIES PROGRAM

On 23rd September 2017, the Hotel carried out "Run To Give Mission" as Marriott International's TakeCare - Spirit to Serve Our Communities. This run took place in front of the Hotel along way Jalan Sultan Yahya Petra, Jalan Tesco, Jalan Kg. Sireh and Jalan Telipot (5km). This project involved 85 runners and 16 committees. The Group contributed RM14,586 to National Kidney Foundation in this project.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION AND DESIGNATION

Petrus Gimbad
Chairman
(Independent Non-Executive Director)

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

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

The members of th e Audit and Risk Management Committee ("ARMC") comprise wholly Independent and Non-Executive Directors.

The ARMC Chairman, Mr Petrus Gimbad is a Chartered Accountant, a Fellow of the Association of Chartered Certified Accountants and Associate of Internal Auditors Malaysia.

The members of the committee are financially literate, with diverse background and experience in accountancy and corporate banking. During the year, members of the ARMC have been keeping abreast with the relevant development in accounting and auditing standard, practices and rules by attending professional development courses. The details of the training courses attended by the ARMC members are stated on page 21 of Corporate Governance Overview Statement.

The Board reviews the term of office of the ARMC members and conducts performance review on the ARMC and its members every year. The review is done through the annual Board committee evaluation by the Nominating Committee. For the financial year ended 31 December 2017, the Board is satisfied that the ARMC and its members had discharged their functions, duties and responsibilities in accordance with the ARMC's Term of Reference.

TERMS OF REFERENCE

The term of reference of ARMC was last updated on 11 April 2017 and published in the corporate website of the Company (www.eeb.com.my) pursuant to Paragraph 9.25 of the Listing Requirements. None of the members of the ARMC have been a partner of the current auditors of the Company over the last two years.

ATTENDANCE

During the financial year ended 31 December 2017, there were seven (7) ARMC Meetings held. Details of attendance by members of the ARMC are as follows:

Director	Number of Meetings Attended	Percentage of Attendance (%)
Petrus Gimbad Chairman *Independent Non-Executive Director*	7/7	100
Datuk Yunus @ Mohd Yunus Bin Awang Hashim Member *Independent Non-Executive Director*	6/7	86
Mohamed Akwal Bin Sultan Mohamad Member *Independent Non-Executive Director*	6/7	86

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES

The activities undertaken by the ARMC in discharging its duties and functions during the financial year are summarised as follows:

Ensuring Financial Statements Comply with Applicable Financial Reporting Standards:

The ARMC reviewed the financial statements and the quarterly results, cashflows, and financial positions with management every quarter. During the quarterly reviews, the Executive Directors and Financial Controller were invited to be present to respond to questions on financial performance and significant financial reporting issues concerning compliance with applicable approved accounting standards and treatments, MMLR and other regulatory requirements prior to submission to the Board for consideration and approval for announcement to Bursa Malaysia.

The ARMC also reviewed the annual audited financial statements with the External Auditors who were invited to attend and present their audit findings and the audit report. The key deliberations were whether the financial statements prepared by management have complied with the financial reporting standards and to consider the External Auditors' audit opinion. As part of the review process, the ARMC also had private session with the External Auditors after the audit presentation without the presence of management to ensure 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 reviewed and deliberated with the External Auditors on their audit planning memorandum, in particular the audit risk areas, audit approach and audit emphasis, and had also taken note of their independence. The External Auditors also updated the ARMC on new financial reporting standards, regulatory development and changes and key audit matters to be included in the auditors' report.

The ARMC also evaluated and assessed the External Auditors' performance and independence during the financial year and conducted private sessions with the External Auditors without the presence of Executive Directors and Management. This review process ensures that critical issues, if any, are being objectively brought up to the attention of the ARMC.

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 2017 are as follows:

Fees incurred	Audit Fee RM'000	Non-Audit Fees RM'000
The Company	55	61
The Group	128	61

82% of the total fee for non-audit services was in respect of the fee payable to reporting accountant for the corporate exercise embarked by the Group during the year. 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.

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 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. 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 during the quarterly meeting to ensure that the audit direction remains relevant to the Group's operating environment.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

When reviewing the Internal Audit Reports, the ARMC also considered 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 also conducted an annual review of the Internal Auditors' performance. The key assessment criteria of this review are independence, competencies and resources. The ARMC views the performance of the Internal Auditors as satisfactory. The ARMC also hold private sessions with the Internal Auditors without the presence of management after the audit presentation.

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 Annual Report, the ARMC together with all other Board Members and management, reviewed the Statement of Corporate Governance, ARMC Report, Statement on Risk Management and Internal Control, Management Discussion and Analysis, Statement of Corporate Social Responsibility and Directors' Responsibility before issuance of the Annual Report.

One of the agenda in the ARMC meeting is to consider related party transactions, if any, and to assess if these transactions are made on arm's length basis and to consult the Company Secretaries to ensure that the Bursa Securities Listing Requirements are followed and complied with. During the financial year, the ARMC reviewed the Proposed Acquisition of a parcel of development land located in Jalan Pantai, Kota Kinabalu, by FBO Land (Setapak) Sdn Bhd from P.C.K. Properties Sdn Bhd, a company related to a director and shareholder of the Company, Datuk Melvinyeo Kiandee. The objective of the ARMC's review was to ensure that the transaction is in the best interest of the Group, fair, reasonable and on normal commercial terms, as well as not detrimental to other shareholders of the Company.

Risk Management

The ARMC views that the primary challenges faced by the Group during the financial year are managing of cash flow and declining of revenue. Progressively, the ARMC reviewed the internal audit's verification and findings on the effectiveness of management's risk mitigation actions. Subsequent to these reviews, the ARMC reported the status of risk management findings to the Board.

INTERNAL AUDIT FUNCTION

The Group had outsourced the internal audit function to an independent internal audit services company. The internal audit function is headed by a director who is assisted by a manager and supported by audit executives. The director in charge is a qualified accountant while the manager and executives are accounting graduates from local universities.

Functionally, the Internal Auditors report directly to the ARMC. The primary responsibility of the Internal Auditors is to assist the Board and the ARMC in reviewing and assessing management systems of internal control and procedures. The ARMC reviews and approves the Internal Audit Plan, scope of work and fees to ensure the independent and objectivity of the Internal Auditors.

The Internal Auditors conduct their work in consideration of the broad principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.

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 Internal Audit Plan was presented to the ARMC for deliberation and approval before internal audit reviews were carried out.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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

i. Contractor Selection in Bandar Tasek Raja Phase II;
ii. Budgetary, Marketing and Pricing Reviews of Bandar Tasek Raja Phase II;
iii. Maintenance and Refurbishment of Renaissance Kota Bharu Hotel; and
iv. Follow-Up Audit.

The internal audit reports containing the audit findings, recommendations and management's responses, including target implementation dates, were circulated to 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 2017 was RM60,000 (2016: RM60,000).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approval and resolution of the Board.

The objective of this statement is to provide an overview of the application of the corporate governance practices of the Group during the financial year ended 31 December 2017 with reference to the three (3) main principles, i.e. Board Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders as set out in the New Malaysian Code on Corporate Governance ("MCCG").

The Board has also provided specific disclosures on the application of each Practices in its Corporate Governance Report ("CG Report"). This CG Report was announced together with the Annual Report of the Company on 27 April 2018. Shareholders may obtain this CG Report by accessing this link www.eeb.com.my for further details and are advised to read this overview statement together with the CG Report.

Except for the practices for publication of Board Charter and Code of Conduct and Ethics in the Company's website and the appointment of female director in the Board, overall the Board is of the view that the Company has, in all material aspect, complied with the Practices set out in the latest MCCG. The explanation for the departure of the above mentioned practices are reported in the announced CG Report in Practices 2.1, 3.1, 4.5 and 6.1 respectively.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(I) Board Responsibilities

The Board is entrusted to conduct the oversight of overall management of the business affairs of the Group. The Board is responsible for determining all major policies, reviewing the system of internal control, ensuring that effective strategies and management are in place, assessing the performance of the Group and its management team.

The Board continues to ensure its effectiveness and to provide strong leadership to the Group and Management. In order to ensure that business is being properly managed, the Board performs periodic review of the financial results to overseeing the conduct of the business.

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 has established clear roles and responsibilities for its fiduciary and leadership functions of the Board, its Chairman, Chief Executive and Independent Directors in its Board Charter. Also, the Board has defined its schedule of matters covering the corporate exercise, shareholders' communication, governance, material contracts, overall business strategy and sustainability matters as well as performance review, remuneration, succession and appointment of chief executive, and board policies to be retained for Board's decision.

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. The Board has defined the terms of reference for each Committee and the Chairman of the respective Board Committees shall report to the Board during the Board meetings on significant and salient matters deliberated by the Committees.

The Board reviews the business and financial performance of the Group periodically. Every quarter the Board will review, monitor and deliberate the financial performance of the Group and deliberate the management action in ensuring sufficient financial resources and cash flows to enable the Group to achieve it desirable target.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has defined its Code of Conducts and Ethics covering Board's values and principles in dealing with its customers, supplier, employees, community, environment and shareholders. This Code of Conducts serve as a guide to stakeholders on the ethical behaviours to be expected from the Group as well as enable the Board to convey and instil its values into the organisation. Stakeholders who knows of, or suspects a violation of the Code may report the incidence to eastland@whistleblower.com.my. Alternatively, they could also direct their concerns to Datuk Yunus @ Mohd Yunus Bin Awang Hashim who is the Senior Independent Director, by emailing to datukmohdyunus@eeb.com.my

The Board is in the process of reviewing its Charter, schedule of matter, Code of Conducts and the terms of reference of the Board Committees vis-à-vis the changes in the new MCCG. Upon completion, these updated documents will be published in the Company Corporate website at www.eeb.com.my

The Chairman is responsible for instilling good governance practices, leadership and effectiveness of the Board through chairing of board meetings, representing the Board to shareholders, and reviewing and approving together with the Board members on the strategic objectives and policies of the Group. The position of Board Chairman and CEO are held by different directors.

In order to uphold the board effectiveness, the Board ensures that it is supported by qualified and competent Company Secretaries. Presently, the Board is assisted by two (2) qualified and competent Company Secretaries who are members of Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretaries support the Board in carrying out its fiduciary duties and stewardship role and play an advisory role to the Board, particularly with regards to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices. All Directors have unrestricted access to the advice and services of the Company Secretaries. The appointment and removal of Company Secretaries or Secretaries of the Board Committees shall be the prerogative of the Board as a whole.

The Board understands that the supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. The management ensures that each Director is provided with timely notices and minutes of meeting. 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. During the board meeting, the Board will review and ensure that proper and adequate board agenda are covered for board deliberation. 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 also has 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.

During the year, with regards to the Proposed Rights Issue and the Proposed Acquisition of a parcel of leasehold development land in Kota Kinabalu ("corporate exercise") as announced on 6 November 2017, the Board had appointed RHB Investment Bank Berhad, Mainstreet Advisers Sdn Bhd, Knight Frank Malaysia Sdn Bhd and Tan, Goh & Associates as the principal adviser, independent adviser, independent valuer and legal adviser respectively to advise on this corporate exercise.

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 corporate exercise and business development matters.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial year, seven (7) Board meetings were held. Details of attendance by the members are set out below.

Director	Number of Meetings Attended
Dato' Sri Abdul Hamidy Bin Abdul Hafiz *Chairman and Independent Non-Executive Director*	7/7
Datuk Yunus @ Mohd Yunus Bin Awang Hashim *Deputy Chairman and Independent Non-Executive Director*	6/7
Datuk Melvinyeo Kiandee *Executive Director*	6/7
Mau Kam Wai *Executive Director*	7/7
Tan Chin Hong *Executive Director*	7/7
Petrus Gimbad *Independent Non-Executive Director*	7/7
Mohamed Akwal Bin Sultan Mohamad *Independent Non-Executive Director*	6/7

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.

The present Board members have attended the following trainings:

Director	Training Attended	Date	Duration
Dato' Sri Abdul Hamidy Bin Abdul Hafiz	Changes Affecting Directors Under The Companies Act 2016 : What Every Director Needs to Know By Bursatra Sdn. Bhd.	22/6/2017	4 hours
Datuk Yunus @ Mohd Yunus Bin Awang Hashim	Companies Act 2016 by Boardroom Corporate Services Sdn Bhd	8/8/2017	1.5 hours
Datuk Melvinyeo Kiandee	DATUM KL - Design Conference (Borneo Architecture Festival BAF 2017)	21/7/2017	9 hours
	Companies Act 2016 by Boardroom Corporate Services Sdn Bhd	8/8/2017	1.5 hours
Mau Kam Wai	Companies Act 2016 by Boardroom Corporate Services Sdn Bhd	8/8/2017	1.5 hours
Tan Chin Hong	Implementation of IFRS 9 Entities Other Than Financial Services	8 & 9/5/2017	8 hours
	Companies Act 2016 by Boardroom Corporate Services Sdn Bhd	8/8/2017	1.5 hours
	2018 Budget Seminar : Updates and Insights for Corporate Accountants by MIA	14/11/2017	7.5 hours
	Boardroom-MIRA 2017 Conference: 'Thriving Or Just Surviving? Why Your Business Can't Afford To Ignore Compliance Regulations' by Bursa Malaysia	22/11/2017	8 hours

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Training Attended	Date	Duration
Petrus Gimbad	Corporate Disclosure : What Every Director Needs to Know by Bursatra Sdn Bhd	31/3/2017	4 hours
	Bursa CG Breakfast Series on "Board Excellence – How to Engage & Enthuse Beyond Compliance with Sustainability"	17/7/2017	4 hours
	Capital Market Conference 2017	18/7/2017	8 hours
	Companies Act 2016 by Boardroom Corporate Services	8/8/2017	1.5 hours
	MAICSA Annual Conference 2017 on "Companies Act 2016 – A Paradigm Shift"	12/9 - 13/9/2017	18 hours
	Study Workshop for Independent Directors – "Rethinking – Independent Directors: A New Frontier" Bursa Malaysia	9/11/2017	7.5 hours
Mohamed Akwal Bin Sultan Mohamad	Companies Act 2016 by Boardroom Corporate Services Sdn Bhd	8/8/2017	1.5 hours
	Advocacy Sessions on Corporate Disclosure for Directors and Principal Officers of Listed Issuers by Bursa Malaysia	30/8/2017	4 hours
	Study Workshop for Independent Directors – "Rethinking – Independent Directors: A New Frontier" by Bursa Malaysia	9/11/2017	7.5 hours

(II) Board Composition

The Board has seven (7) members with majority of them being Independent Non-Executive Directors and all of them are suitably qualified and experienced professionals. The Board has conducted its annual appraisal through self-assessment and is satisfied with the current composition of the Board in providing a check and balance as well as diversity of perspectives and views in decision-making. While the Board does not have female director and gender diversity policy presently, the Board deliberated this agenda periodically and is committed to have female director on board.

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

The Nominating Committee reviews the independence of the Independent Directors annually. The criteria for assessment of independence are based on the requirements and definition of "independent director" as set out in the MMLR. Each Independent Directors is required to confirm their independence by giving the Board a written confirmation of their independence. In addition, consideration would also be given to assess whether the independent directors are able to act independently of management and free from any business or other relationship.

The Board does not have term limit for its Independent Directors and is of the view that the independence of the Independent Directors should be judged based on the integrity and objectivity of the Independent Director in discharging his responsibilities and not be determined solely or arbitrary by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years.

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.

The appointment of Board and senior management are based on objective criteria, merit and with due regards for diversity in skills, experience, age, cultural background and gender. The current diversity in ethnic composition, age distribution and skillsets of the existing Board are shown in Practice 4.4 in the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Nominating Committee is chaired by a Senior Independent Non-Executive Director. Through the Nominating Committee, the Board will consider recommendations from existing board members, management, major shareholders and third-party sources to identify suitably qualified candidates, when necessary. New board candidates proposed to fill vacancy arises from resignation, retirement or any other reasons will be reviewed by Nominating Committee before recommending to the Board for further deliberation.

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 performance evaluation of the Board is conducted by way of self-assessment. Directors are required to fill out 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; and
iv. Personality and calibre.

(III) 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.

Broadly, the remuneration policy of the Board is based on the individual's and Group's performance, market conditions, industry practice and responsibilities for the Executive Directors whilst the remuneration of the Non-Executive Directors are determined in accordance with their experience and the level of responsibilities assumed.

The terms of reference of the Remuneration Committee and the broad policy on remuneration which is stated in the Board Charter are disclosed in the Company's website.

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

The amount of Directors' fee for the new financial year (from 1 January 2018 until the next annual general meeting of the Company) proposed for the shareholders' approval at the forthcoming AGM is RM650,000.

The details disclosure the Directors and Senior Management are reported in Practice 7.1 and 7.2 in the CG Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee ("ARMC")

The Board has established an effective and independent ARMC. The members of ARMC comprising fully Independent Non-Executive Directors and the Chairman of the ARMC is not the Chairman of the board. With the present composition, the ARMC is able to objectively review and report its findings and recommendations to the Board.

None of the members of the ARMC are former audit partners of the current External Auditor of the Group. When considering the appointment of former key audit partner from its current External Auditor's firm, the ARMC is mindful of the minimum two (2) years cooling off period best practice under the MCCG before appointing this partner as a member of the ARMC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The present External Auditors has been engaged since the financial year ended 2008. Annually, the ARMC will review the appointment, performance and remuneration of the External Auditors before recommending them to the Board for approval for seeking shareholders' approval at the forthcoming AGM for re-appointment. The ARMC has defined its policy on evaluation of External Auditors. In assessing the External Auditors, the ARMC will consider the adequacy of resources of the firm, quality of service and competency of the staff assigned to the audit as well as the auditors' independence and fee. The ARMC took note that the External Auditors practise a 5-year engagement partner rotation.

The ARMC will convene meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group except when needed to obtain clarification. As part of the ARMC review processes, the ARMC will also obtain assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The External Auditors had affirmed their independence to the ARMC during the presentation of their audit planning memorandum and the final audited report.

Collectively, the ARMC possess a wide range of necessary skills to discharge its duties and the ARMC are financially literate and are able to understand matters under the purview of the ARMC including the financial reporting process. In order to strengthen the present financial literacy of each member, all members of the ARMC attend continuous professional development programmes on accounting and auditing standards, practices and rules.

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 2017 are as follows:

Fees incurred	Audit Fee RM'000	Non-Audit Fees RM'000
The Company	55	61
The Group	128	61

82% of the total fee for non-audit services was in respect of the fee payable to reporting accountant for the corporate exercise embarked by the Group during the year. 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.

II. Risk Management and Internal Control

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 to this 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 Board has established the Group's risk appetite and the probability and impact parameters. The Board recognises that the primary challenges faced by the Group during the financial year are managing of cash flow and declining of revenue. Further details of the features of the Group's risk management and internal control framework are presented in the Statement on Risk Management and Internal Control of the Annual Report.

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. 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 17.

The Group's risk management and internal control framework covering the risk policy, risk appetite, risk assessment and the review process by the Board and ARMC and the key internal controls are presented in the Statement on Risk Management and Internal Control of the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

I. Communication with Stakeholders

The Board recognises the importance of keeping shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via the Company's annual reports, various disclosures to Bursa Securities including quarterly financial results and various announcements made from time to time.

The Group maintains a website at www.eeb.com.my where shareholders or investors may access information on the Group under "Investor Relations" link encompassing corporate information, latest financial results, annual reports, announcements to Bursa Securities, Board Charter, code of conduct and Board Committees' terms of reference.

The Company has reported its Sustainability Statement on pages 15 to 16 of this Annual Report. The Group will establish a formal sustainability framework in stages and will embrace the key principles in the Sustainability Reporting Guide issued by the Bursa Securities on the following:

- Define Board's oversight structure for overseeing the sustainability reporting;
- Review the context of economic, environmental and social which the Group is operating at;
- Identify the materiality and impact arising from the Group's business activities on these economic, environmental and social factors;
- Ensure focus and attention are being given to manage the identified material factors appropriately; and
- Define measures and target to monitor management initiatives on sustainability.

II. Conduct of General Meetings

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 28 days ahead of the date of general meeting and 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, Chairmen of the respective Board Committees as well as other Board members will be present at the general meetings to respond to shareholders' queries.

Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf by completing the proxy form enclosed in the Annual Report and depositing it at the Registered Office at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

In line with Paragraph 8.29A(1) of the MMLR, all resolutions set out in the Notice of AGM were put to vote by poll. The Company also appointed an independent scrutineer to validate the vote cast in the AGM. The outcome of the AGM was announced to Bursa Securities on the same meeting day.

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 Financial Reporting Standards, the provisions of the Companies Act 2016 and the Listing Requirements so as to give a true and fair view of the state of affairs of the Group and of the Company for the financial year, and

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2017, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements with reasonable and prudent judgments and estimates. The Directors are also satisfied that 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 hereby presents its Statement on Risk Management and Internal Control of the Group. This Statement had been prepared in accordance with the Malaysian Code on Corporate Governance and guided by the Statement on Risk Management and 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 and financial objectives.

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 covering the identification, assessment, communication and monitoring adopted by the Group are carried out with reference to the principles of Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Enterprise Risk Management framework as well as ISO31000 on risk management which are internationally recognised risk management frameworks.

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, regulatory compliance 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.

The Board has established the Group's risk appetite and the probability and impact parameters. The Board recognises that the primary challenges faced by the Group during the financial year are managing of cash flow and declining of revenue. The Group is experiencing a slowdown in the property market and business activities in the principal market place in Kota Bharu where the Group operates and keen competition from nearby mall and hotels. To address these challenges, the Board had proposed and announced a fund-raising exercise for a proposed acquisition of a piece of land at a strategic location within the high-growth area of central Kota Kinabalu for proposed mixed commercial development.

To derive comfort on the state of internal control and risk management in the Group, the Board uses the following key controls, processes, information and review mechanisms:

- 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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- 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.

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 recognises 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

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed pursuant to the scope of work set out in the Audit and Assurance Practice Guide 3 issued by the Malaysian Institute of Accountants.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control systems of the Group.

This Statement is made in accordance with the approval and resolution of the Board of Directors dated 18 April 2018.

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.

2. SHARE BUY-BACKS

There was no share buy-backs effected during the financial year ended 31 December 2017.

3. OPTIONS OR CONVERTIBLE SECURITIES

There were no options or convertible securities issued by the Company during the financial year ended 31 December 2017.

4. DEPOSITORY RECEIPT PROGRAMME

There were no depository receipt programme sponsored by the Company during the financial year ended 31 December 2017.

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 2017.

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 2017 in respect of the review on the Annual Report and Consolidated Statement of Financial Position in respect of Proposed Right Issue with Free Warrants, amounted to RM61,000.

7. VARIATION IN RESULTS

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

8. MATERIAL CONTRACTS

In the financial year ended 31 December 2017, FBO Land (Setapak) Sdn Bhd, a wholly-owned subsidiary of Eastland, entered into a conditional sale and purchase agreement and subsequently a supplemental agreement in financial year 2018 with P.C.K. Properties Sdn Bhd ("PCK") for the acquisition of a parcel of leasehold development land situated at Jalan Pantai, Kota Kinabalu, Sabah measuring approximately 2,181.80 square meters, for a purchase consideration of RM23,265,000 to be satisfied in full via cash.

9. PROFIT GUARANTEES

The Group did not provide or receive any profit guarantee during the financial year ended 31 December 2017.

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 2017.

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

Other than mentioned in item no. 8 above, the Company did not enter into any recurrent related party transactions during the financial year ended 31 December 2017.

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 2017.

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	(7,953,800)	(3,891,551)
Attributable to:		
Owners of the Company	(7,953,800)	(3,891,551)

DIVIDENDS

No dividend has been 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 2017.

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*
Datuk Melvinyeo Kiandee*
Tan Chin Hong*
Mohamed Akwal Bin Sultan Mohamad
Petrus Gimbad

* Directors of the Company and certain subsidiaries

DIRECTORS' REPORT

DIRECTORS (CONTINUED)

Other than as stated above, the names of the directors of the subsidiaries of the Company 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' Tan Kok Hooi
Tan Chin Hao

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 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:

	Number of ordinary shares			
	At 1.1.2017	**Bought**	**Sold**	**At 31.12.2017**
Direct interest				
Datuk Melvinyeo Kiandee	8,397,500	-	-	8,397,500
Indirect interest				
Tan Chin Hong *	18,333,928	-	-	18,333,928

* Deemed interested by virtue of 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 his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Chin Hong and Datuk 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 Note 29 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 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.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, there were no indemnity given to any directors and officers of the Company.

SUBSIDIARIES

The details of the Company's subsidiary are disclosed in Note 14 to the financial statements.

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

DIRECTORS' REPORT

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year is disclosed in Note 34 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 8 to the financial statements.

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: 18 April 2018

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	5	17,741,751	24,155,672	466,069	472,877
Other operating income		3,154,094	2,101,987	388,131	3,155,092
Staff costs:					
- Hotel operations		(5,359,316)	(5,558,712)	-	-
- Others		(1,519,901)	(1,924,817)	(785,639)	(706,308)
Directors' remuneration	29(c)	(1,110,747)	(1,079,072)	(1,110,747)	(1,079,072)
Finance (costs)/income (net)	7	(1,872,344)	(1,834,150)	(1,568,177)	(1,627,829)
Property development expenditure	17	1,208,403	(792,742)	-	-
Cost of sales for completed properties		2,336,808	19,249	-	-
Consumables used		(1,925,845)	(2,102,578)	-	-
Depreciation of property, plant and equipment	11	(4,101,195)	(4,075,453)	(167,940)	(146,203)
Fair value loss on investment properties	12	(2,338,000)	-	-	-
Impairment loss on:					
- trade receivables		(1,016,552)	-	-	-
Other operating expenses		(13,426,798)	(13,500,493)	(1,113,248)	(863,598)
Loss before tax	8	(8,229,642)	(4,591,109)	(3,891,551)	(795,041)
Income tax income/(expense)	9	275,842	(192,744)	-	-
Loss for the financial year		(7,953,800)	(4,783,853)	(3,891,551)	(795,041)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the financial year		(7,953,800)	(4,783,853)	(3,891,551)	(795,041)
Loss attributable to:					
Owners of the Company		(7,953,800)	(4,783,853)	(3,891,551)	(795,041)
Total comprehensive loss attributable to:					
Owners of the Company		(7,953,800)	(4,783,853)	(3,891,551)	(795,041)
Loss per ordinary share attributable to Owners of the Company (Sen)					
Basic loss per ordinary share	10	(3.24)	(1.95)		
Diluted loss per ordinary share	10	(3.24)	(1.95)		

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	111,947,798	115,819,203	423,744	587,182
Investment properties	12	85,112,000	87,450,000	-	-
Prepaid land lease payments	13	2,049,344	2,060,528	-	-
Investment in subsidiaries	14	-	-	197,497,176	197,502,903
Investment in an associate	15	-	-	-	-
Other investment	16	484,725	494,268	484,725	494,268
Total non-current assets		199,593,867	205,823,999	198,405,645	198,584,353
Current Assets					
Property development expenditure	17	57,490,022	53,262,901	-	-
Inventories	18	13,495,043	11,218,834	-	-
Tax recoverable		1,300,720	2,077,398	-	-
Financing receivables - secured	19	-	-	-	-
Trade and other receivables	20	2,359,889	6,410,282	4,974,353	6,259,645
Accrued billings		36,000	877,005	-	-
Deposits placed with licensed banks	21	3,054,362	2,389,655	-	-
Cash and bank balances	22	1,184,398	2,046,533	20,388	30,163
Total current assets		78,920,434	78,282,608	4,994,741	6,289,808
TOTAL ASSETS		278,514,301	284,106,607	203,400,386	204,874,161

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	23 (a)	123,168,989	122,833,988	123,168,989	122,833,988
Share premium	23 (b)	-	335,001	-	335,001
Capital reserve	24 (a)	110,238,037	110,238,037	110,238,037	110,238,037
Revaluation reserve	24 (b)	524,794	524,794	-	-
Accummulated losses		(50,573,670)	(42,619,870)	(55,448,576)	(51,557,025)
TOTAL EQUITY		183,358,150	191,311,950	177,958,450	181,850,001
Non-Current Liabilities					
Loans and borrowings	25	26,933,903	27,461,601	206,141	309,556
Deferred tax liabilities	26	12,301,811	12,610,650	-	-
Total non-current liabilities		39,235,714	40,072,251	206,141	309,556
Current Liabilities					
Loans and borrowings	25	31,960,543	30,649,022	103,415	98,227
Provisions for liabilities	27	4,208,040	5,632,968	-	-
Trade and other payables	28	18,341,967	16,440,416	25,132,380	22,616,377
Progress billings		1,409,887	-	-	-
Total current liabilities		55,920,437	52,722,406	25,235,795	22,714,604
TOTAL LIABILITIES		95,156,151	92,794,657	25,441,936	23,024,160
TOTAL EQUITY AND LIABILITIES		278,514,301	284,106,607	203,400,386	204,874,161

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Attributable to Owners of the Company					
	Share Capital RM	Share Premium RM	Capital Reserve RM	Revaluation Reserve RM	Accumulated Losses RM	Total Equity RM
Group						
At 1 January 2016	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
Transfer to non-par-value regime under Companies Act 2016 (Note 23 (a) and (b))	335,001	(335,001)	-	-	-	-
Total comprehensive loss for the financial year	-	-	-	-	(7,953,800)	(7,953,800)
At 31 December 2017	123,168,989	-	110,238,037	524,794	(50,573,670)	183,358,150

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Attributable to Owners of the Company				
	Share Capital RM	**Share Premium RM**	**Capital Reserve RM**	**Accumulated Losses RM**	**Total Equity RM**
Company					
At 1 January 2016	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
Transfer to non-par-value regime under Companies Act 2016 (Note 23 (a) and (b))	335,001	(335,001)	-	-	-
Total comprehensive loss for the financial year	-	-	-	(3,891,551)	(3,891,551)
At 31 December 2017	123,168,989	-	110,238,037	(55,448,576)	177,958,450

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Cash flows from operating activities:					
Loss before tax		(8,229,642)	(4,591,109)	(3,891,551)	(795,041)
Adjustments for:					
Amortisation of prepaid lease payments		11,184	11,184	-	-
Depreciation of property, plant and equipment		4,101,195	4,075,453	167,940	146,203
Deregistration of a subsidiary		2	-	-	-
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		-	-	(387,903)	(3,059,851)
- financing receivables		(81,762)	-	-	-
- trade receivables		(1,222,508)	(21,032)	-	-
Impairment loss on:					
- amount owing by subsidiaries		-	-	20,380	138,165
- investments in subsidiaries		-	-	5,727	5,594
- trade receivables		1,016,552	-	-	-
Fair value loss on investment properties		2,338,000	-	-	-
Finance cost		1,964,702	1,881,668	1,568,177	1,627,829
Finance income		(92,358)	(47,518)	-	-
Loss on transfer of management corporations		481,988	-	-	-
Provision for liabilities		410,259	877,664	-	-
Reversal of provision for liquidated ascertained damages		(1,096,203)	-	-	-
Unrealised loss/(gain) on foreign exchange		9,543	(16,980)	9,543	(16,980)
Write back of payables		(370,824)	(681,545)	-	-
Written off of deposits		156,623	-	-	-
Written off of other receivables		45,265	-	-	-
Operating profit/(loss) before changes in working capital		(557,984)	109,785	(2,507,687)	(2,032,081)
Changes in Working Capital:					
Inventories		(2,276,209)	218,390	-	-
Property development expenditure		(4,227,121)	(5,019,873)	-	-
Provision for liabilities		(738,984)	178,831	-	-
Trade and other receivables		4,520,859	1,314,865	861	926
Trade and other payables		3,772,483	(2,100,577)	934,372	(12,172)
Net cash used in operations		(493,044)	(5,298,579)	(1,572,454)	(2,043,327)
Finance cost paid		(326,248)	(308,805)	-	-
Income tax paid		(220,000)	(772,513)	-	-
Income tax refunded		963,681	540,498	-	-
Net cash flows generated from/(used in) operating activities		910,477	(5,839,399)	(1,572,454)	(2,043,327)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash flows from investing activities:					
Deregistration of a subsidiary		(2)	-	-	-
Increase in deposits pledged with licensed banks		(664,707)	(471,227)	-	-
Finance income received		92,358	47,518	-	-
Net payment in transfer of management corporation		(180,688)	-	-	-
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	(a)	(257,372)	(621,222)	(4,502)	(155,221)
Repayment from subsidiaries		-	-	3,233,585	3,821,172
Net cash flows (used in)/generated from investing activities		(1,010,411)	2,333,069	3,229,083	3,743,951
Cash flows from financing activities:	(b)				
Drawdown of term loans		573,765	4,922,647	-	-
Finance cost paid		(1,546,024)	(1,572,863)	(1,568,177)	(1,609,274)
Repayment of term loans		(2,177,765)	(2,205,981)	-	-
Payment of hire purchase payables		(98,227)	(79,116)	(98,227)	(97,671)
Net cash flows (used in)/generated from financing activities		(3,248,251)	1,064,687	(1,666,404)	(1,706,945)
Net change in cash and cash equivalents		(3,348,185)	(2,441,643)	(9,775)	(6,321)
Cash and cash equivalents at the beginning of the financial year		(25,590,431)	(23,148,788)	30,163	36,484
Cash and cash equivalents at the end of the financial year		(28,938,616)	(25,590,431)	20,388	30,163
Analysis of cash and cash equivalents					
Cash and bank balances	22	949,704	1,815,979	20,388	30,163
Cash held under Housing Development Account	22	234,694	230,554	-	-
Deposits placed with licensed banks	21	3,054,362	2,389,655	-	-
		4,238,760	4,436,188	20,388	30,163
Bank overdrafts - business cash line - i	25	(30,123,014)	(27,636,964)	-	-
		(25,884,254)	(23,200,776)	20,388	30,163
Less: Deposits held as security value	21	(3,054,362)	(2,389,655)	-	-
		(28,938,616)	(25,590,431)	20,388	30,163

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

(a) Purchase of property, plant and equipment:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Purchase of property, plant and equipment	257,372	971,222	4,502	505,221
Financed by way of hire purchase arrangements	-	(350,000)	-	(350,000)
Cash payments on purchase of property, plant and equipment	257,372	621,222	4,502	155,221

(b) Reconciliation of liabilities arising from financing activities:

	1 January 2017 RM	**Cash Flows RM**	**31 December 2017**
Group			
Term loans - Business financing - i	30,065,876	(1,604,000)	28,461,876
Hire purchase payables	407,783	(98,227)	309,556
	30,473,659	(1,702,227)	28,771,432
Company			
Hire purchase payables	407,783	(98,227)	309,556
	407,783	(98,227)	309,556

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 18 April 2018.

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 2016 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:

<u>Amendments/Improvements to FRSs</u>	
FRS 12	Disclosure of Interests in Other Entities
FRS 107	Statement of Cash Flows
FRS 112	Income Taxes

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 except for those as discussed below:

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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.2 **Adoption of amendments/improvements to FRSs (continued)**

Amendments to FRS 107 Statement of Cash Flows (continued)

The Group and the Company have applied the amendments prospectively and accordingly, have disclosed the reconciliation in note(b) in the Statements of Cash Flows.

2.3 **MASB Approved Accounting Standards ("MFRSs")**

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRS 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 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 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 MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using MFRSs framework for financial year ending 31 December 2018. The main effects arising from the transition to MFRSs Framework are discussed below.

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 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 9 Financial Instruments

Key requirements of MFRS 9:

- MFRS 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.3 **MASB Approved Accounting Standards ("MFRSs") (Continued)**

MFRS 9 Financial Instruments (continued)

Key requirements of MFRS 9 (continued):

- MFRS 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.

- MFRS 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.

The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the transition adjustments on its financial statements.

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 following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the transition adjustments on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

2.3 **MASB Approved Accounting Standards ("MFRSs") (continued)**

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.

The Company is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the transition adjustments on its financial statements.

2.4 **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.

3.1 **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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.1 Basis of Consolidation and Subsidiaries (continued)

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.

3.2 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.

3.3 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 3.15(b) 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)**

3.4 **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.

(a) ***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.

(b) ***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.

(c) ***Rental Income***

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

(d) ***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.

(e) ***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.

(f) ***Management Fee***

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

3.5 **Employee Benefits**

(a) ***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)**

3.5 **Employee Benefits (continued)**

(b) **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.

3.6 **Borrowing Costs**

Borrowing costs are interest 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.

3.7 **Taxes**

(a) **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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.7 **Taxes (continued)**

(a) **Income Tax (continued)**

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

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.

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 3.11 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.

(b) **Goods and service tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (“GST”) except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

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

3.8 **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 3.15(b) 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.

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%

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.

3.9 **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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.10 **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.

(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.

3.11 **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 3.6 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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.12 **Property Development Activities**

(a) ***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 3.15(b) 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.

(b) ***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.

3.13 **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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.14 **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.

(a) ***Subsequent measurement***

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. Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

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 less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15(a) to the financial statements. Gains and losses are recognised in profit or loss 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 has the positive intention and ability to hold the investment to maturity are classified as held-to-maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15(a) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

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

3.14 **Financial Instruments (continued)**

(a) ***Subsequent measurement (continued)***

(i) Financial Assets (continued)

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.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or losses. 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. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15(a) to the financial statements.

(ii) Financial Liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

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

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

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

3.14 **Financial Instruments (continued)**

(b) **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 recognised initially as liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(c) **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 (i.e. the date the Group and the Company themselves purchase or sell an asset). 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.

(d) **Derecognition**

A financial asset or a part of it is derecognised when, and only when, the contractual right to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) **Offsetting of Financial Instruments**

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

(f) **Hedge Accounting**

Fair value hedge

In a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the reporting date is recognised in profit or loss. For a hedged item that is otherwise measured at cost, the gain or loss attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognised in profit or loss. For a hedged item categorised as available-for-sale, the fair value gain or loss attributable to the hedged risk is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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

3.14 **Financial Instruments (continued)**

(f) **Hedge Accounting (continued)**

Fair value hedge (continued)

Fair value hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective or the hedge designation is revoked.

Cash flow hedge

In a cash flow hedge, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income are transferred from equity and included in the initial amount of the asset or liability.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

Hedge of a net investment

In a net investment hedge, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

The cumulative gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss on disposal of the foreign operation.

3.15 **Impairment of Assets**

(a) **Impairment and uncollectibility of financial assets**

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed 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 financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO THE FINANCIAL STATEMENTS

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

3.15 **Impairment of Assets (continued)**

(a) **Impairment and uncollectibility of financial assets (continued)**

Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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

3.15 **Impairment of Assets (continued)**

(a) **Impairment and uncollectibility of financial assets (continued)**

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

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

The carrying amounts of non-financial assets (except for inventories, amount due from customers for contract work, deferred tax assets, assets arising from employee benefits, investment properties measured at fair value, biological assets and non-current assets or disposal groups classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal 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 risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced 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.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

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

3.16 **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.

3.17 **Equity Instruments**

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.18 **Cash and Cash Equivalents**

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, 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.

3.19 **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.

3.20 **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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.20 **Fair value measurements (continued)**

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.

3.21 **Earnings per 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.

3.22 **Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:
(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

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) Fair value of investment properties

The Group and the Company carry their investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group and the Company engaged external valuer to determine the fair values. The valuation methods adopted by the valuer include sales comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for differences in location, size, age and condition of the building, floor level, tenure, title restrictions and other relevant characteristics to arrive at the market value. Judgement is made in determining the appropriate valuation methods and the key assumptions used in the valuations. Any changes in these assumptions will have an impact on the carrying amounts of the investment properties.

The carrying amounts of the investment properties are disclosed in Note 12 to the financial statements.

5. **REVENUE**

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Rental income from:				
- Hotel operations	8,666,430	10,206,058	-	-
- Property investment	4,546,023	5,793,497	-	-
Other income from hotel operations	7,045,090	7,141,839	-	-
Property development revenue	(1,054,400)	899,278	-	-
(Cancellation of sales)/ Sales of completed properties	(1,461,392)	115,000	-	-
Management fees	-	-	466,069	472,877
	17,741,751	24,155,672	466,069	472,877

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.

NOTES TO THE FINANCIAL STATEMENTS

6. **SEGMENTAL INFORMATION (CONTINUED)**

(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 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.

6. **SEGMENTAL INFORMATION (CONTINUED)**

The segmental information of the Group are as follows:-

Group 2017	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	-	-	15,711,520	4,546,023	(2,515,792)	-	17,741,751		-	17,741,751
Inter-segment revenue	466,069	-	61,383	49,573	-	-	577,025	(a)	(577,025)	-
	466,069	-	15,772,903	4,595,596	(2,515,792)	-	18,318,776		(577,025)	17,741,751
Results :										
Included in the measure of segment profit/(loss) are:										
Finance income	-	-	-	8,709	83,649	-	92,358		-	92,358
Impairment loss no longer required on:										
- amount owing by subsidiaries	387,903	-	-	-	-	-	387,903		(387,903)	-
- financing receivables	-	81,762	-	-	-	-	81,762		-	81,762
- trade receivables	-	-	50,768	1,171,740	-	-	1,222,508		-	1,222,508
Reversal of provision for liquidated ascertain damages	-	-	-	-	1,096,203	-	1,096,203		-	1,096,203
Write back of payables	-	-	-	370,824	-	-	370,824		-	370,824

NOTES TO THE FINANCIAL STATEMENTS

6. **SEGMENTAL INFORMATION (CONTINUED)**

Group 2017	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	(167,940)	-	(3,659,990)	(271,125)	(2,140)	-	(4,101,195)		-	(4,101,195)
Deregistration of a subsidiary	-	(2)	-	-	-	-	(2)		-	(2)
Finance cost	(1,568,177)	-	-	(304,095)	(92,430)	-	(1,964,702)		-	(1,964,702)
Fair value loss on investment properties	-	-	-	(2,338,000)	-	-	(2,338,000)		-	(2,338,000)
Impairment loss on:										
- amount owing by subsidiaries	(20,380)	-	-	-	-	-	(20,380)	(b)	20,380	-
- investment in subidiaries	(5,727)	-	-	-	-	-	(5,727)	(b)	5,727	-
- trade receivables	-	-	-	(1,016,552)			(1,016,552)		-	(1,016,552)
Rental of:										
- office premises	(65,826)	-	-	-	-	-	(65,826)		-	(65,826)
- parking	-	-	(18,000)	-	-	-	(18,000)		-	(18,000)
Royalty fees expenses	-	-	(273,506)	-	-	-	(273,506)		-	(273,506)
Unrealised loss on foreign exchange	(9,543)	-	-	-	-	-	(9,543)		-	(9,543)
Written off of deposits	-	-	-	(156,623)	-	-	(156,623)		-	(156,623)
Written off of other receivables	-	-	-	(45,265)	-	-	(45,265)		-	(45,265)
Unallocated corporate expenses	(2,907,930)	(11,156)	(16,957,287)	(3,209,716)	3,545,211	129,203	(19,411,675)		577,025	(18,834,650)
Segment profit/(loss)	(3,891,551)	70,604	(5,085,112)*	(1,194,507)	2,103,517	129,203	(7,867,846)		(361,796)	(8,229,642)

NOTES TO THE FINANCIAL STATEMENTS

6. **SEGMENTAL INFORMATION (CONTINUED)**

Group 2017	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
Income tax income	-	-	-	275,842	-	-	275,842		-	275,842
(Loss)/profit for the financial year	(3,891,551)	70,604	(5,085,112)*	(918,665)	2,103,517	129,203	(7,592,004)		(361,796)	(7,953,800)
Assets:										
Additions to non-current assets	4,502	-	250,120	2,750	-	-	257,372		-	257,372
Tax recoverable	-	-	-	1,300,720	-	-	1,300,720		-	1,300,720
Segment assets	203,395,884	13,796	2,278,111	290,668,860	1,187,307	86,614	497,630,572	(c)	(220,674,363)	276,956,209
Segment assets	203,400,386	13,796	2,528,231	291,972,330	1,187,307	86,614	499,188,664		(220,674,363)	278,514,301
Liabilities:										
Deferred tax liabilities	-	-	-	12,301,811	-	-	12,301,811		-	12,301,811
Segment liabilities	25,441,936	15,108,637	2,072,176	77,389,000	33,396,623	99,354	153,507,726	(d)	(70,653,386)	82,854,340
Segment liabilities	25,441,936	15,108,637	2,072,176	89,690,811	33,396,623	99,354	165,809,537		(70,653,386)	95,156,151

* Included in the measure of segment loss of hospitality is an amount totalling RM3,659,990/- which represents depreciation of hotel building.

NOTES TO THE FINANCIAL STATEMENTS

6. **SEGMENTAL INFORMATION (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
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)**

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)**

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	(d)	(69,850,178)	80,184,007
Segment liabilities	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)**

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

		Group	
		2017 RM	2016 RM
(a)	Total revenue for reportable segments	18,318,776	24,743,029
	Elimination of inter-segment revenue	(577,025)	(587,357)
	Consolidated total	17,741,751	24,155,672

		Group	
		2017 RM	2016 RM
(b)	Consolidated profit before income tax expense	(8,229,642)	(4,591,109)
	Less : income tax expenses	275,842	(192,744)
	Consolidated total	(7,953,800)	(4,783,853)

		Group	
		2017 RM	2016 RM
(c)	Total reportable segments assets	499,188,664	502,819,760
	Elimination of inter-segment transactions or balances	(220,674,363)	(218,713,153)
	Consolidated total	278,514,301	284,106,607

		Group	
		2017 RM	2016 RM
(d)	Total reportable segments liabilities	165,809,537	162,644,835
	Elimination of inter-segment transactions or balances	(70,653,386)	(69,850,178)
	Consolidated total	95,156,151	92,794,657

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Finance income:				
- Housing development account	4,147	4,695	-	-
- Deposits placed with licensed banks	83,649	31,226	-	-
- Overdue interest	4,562	11,597	-	-
	92,358	47,518	-	-
Finance costs:				
- Business financing - i	(1,528,259)	(1,554,308)	-	-
- Business cash line - i	(326,248)	(308,805)	-	-
- Hire purchase payables	(17,765)	(18,555)	(17,765)	(18,555)
- Trade payable	(92,430)	-	-	-
- Amount owing to a subsidiary	-	-	(1,550,412)	(1,609,274)
	(1,964,702)	(1,881,668)	(1,568,177)	(1,627,829)
	(1,872,344)	(1,834,150)	(1,568,177)	(1,627,829)

NOTES TO THE FINANCIAL STATEMENTS

8. LOSS BEFORE TAX

Loss before tax is arrived at:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
After crediting:				
Gain on disposal of:				
- land held for development	-	1,300,000	-	-
- property, plant and equipment	-	78,000	-	78,000
Impairment loss no longer required on:				
- amount owing by subsidiaries	-	-	387,903	3,059,851
- financing receivables	81,762	-	-	-
- trade receivables	1,222,508	21,032	-	-
Rental income	-	-	-	-
Reversal of provision for liquidated ascertained damages	1,096,203	-	-	-
Unrealised gain on foreign exchange	-	16,980	-	16,980
Write back of payables	370,824	681,545	-	-
Other income	5,565	-	228	-
and charging:				
Amortisation of prepaid land lease payments	(11,184)	(11,184)	-	-
Auditor's remuneration:				
- Statutory audit	(127,800)	(143,000)	(55,000)	(55,000)
- Non-statutory audit	(61,000)	(16,000)	(61,000)	(16,000)
Depreciation of property, plant and equipment	(4,101,195)	(4,075,453)	(167,940)	(146,203)
Deregistration of a subsidiary	(2)	-	-	-
Employee benefits expense (Note A)	(7,989,964)	(8,562,601)	(1,896,386)	(1,785,380)
Fair value loss on investment properties	(2,338,000)	-	-	-
Impairment loss on:				
- amount owing by subsidiaries	-	-	(20,380)	(138,165)
- investment in subidiaries	-	-	(5,727)	(5,594)
- trade receivables	(1,016,552)	-	-	-
Loss on transfer of management corporation	(481,988)	-	-	-
Provision for liabilities	(410,259)	(877,664)	-	-
Realised loss on foreign exchange	(14,008)	(76,047)	-	-
Rental of:				
- office premises	(65,826)	(62,900)	(65,826)	(62,900)
- parking	(18,000)	(18,000)	-	-
Royalty fees payable	(273,506)	(321,594)	-	-
Unrealised loss on foreign exchange	(9,543)	-	(9,543)	-
Written off of deposits	(156,623)	-	-	-
Written off of other receivables	(45,265)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

8. LOSS BEFORE TAX (CONTINUED)

Note

A. Employee benefits expense

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Wages and salaries	5,864,941	6,319,598	672,081	615,724
Defined contribution plans	650,343	692,737	81,287	74,610
Defined benefit plans	79,888	82,237	6,429	5,808
Other staff related costs	284,045	388,957	25,842	10,166
	6,879,217	7,483,529	785,639	706,308
Included in employee benefits expenses are:				
Directors' fees	356,000	336,000	356,000	336,000
Directors' other emolument	754,747	743,072	754,747	743,072
	1,110,747	1,079,072	1,110,747	1,079,072
Total	7,989,964	8,562,601	1,896,386	1,785,380

9. INCOME TAX INCOME/(EXPENSE)

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Income tax:				
- current year	(22,236)	(225,137)	-	-
- under accrual in prior year	(10,761)	(52,374)	-	-
	(32,997)	(277,511)	-	-
Deferred tax liabilities: (Note 26)				
- current year	283,119	156,403	-	-
- over/ (under) accrual in prior year	25,720	(71,636)	-	-
	308,839	84,767	-	-
	275,842	(192,744)	-	-

NOTES TO THE FINANCIAL STATEMENTS

9. **INCOME TAX INCOME/(EXPENSE) (CONTINUED)**

A reconciliation of income tax expense applicable to loss 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	
	2017 RM	2016 RM	2017 RM	2016 RM
Loss before tax	(8,229,642)	(4,591,109)	(3,891,551)	(795,041)
Taxation at applicable statutory tax rate of 24% (2016: 24%)	1,975,114	1,101,866	933,972	190,810
Tax effects arising from:				
- non-deductible expenses	(1,753,055)	(839,501)	(576,797)	(506,494)
- non-taxable income	178,481	198,509	93,097	734,364
- origination of deferred tax assets not recognised in the financial statements	(139,657)	(529,608)	(450,272)	(418,680)
- effect of changes in tax rate	-	-	-	-
- over/(under) accrual in prior years	14,959	(124,010)	-	-
Tax income/(expense) for the financial year	275,842	(192,744)	-	-

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deductible temporary differences	19,518,328	20,596,372	576,315	558,423
Unutilised tax losses	200,388,512	198,728,565	31,490,412	29,632,169
Net deferred tax assets	219,906,840	219,324,937	32,066,727	30,190,592
Potential deferred tax assets not recognised at 24% (2016: 24%)	52,777,642	52,637,985	7,696,014	7,245,742

10. **LOSS PER ORDINARY SHARE**

Basic loss per ordinary share

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

	Group	
	2017 RM	2016 RM
Loss attributable to owners of the Company		
Loss for the financial year	(7,953,800)	(4,783,853)
Weighted average number of ordinary shares in issue	245,667,975	245,667,975
Basic loss per ordinary share (sen)	(3.24)	(1.95)

The basic and diluted earnings per ordinary share are equal as the Company has no dilutive potential ordinary share(s).

NOTES TO THE FINANCIAL STATEMENTS

11. **PROPERTY, PLANT AND EQUIPMENT**

Group 2017 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 2017	4,441,261	116,558,739	3,343,942	1,976,906	5,150,794	579,777	132,051,419
Additions	-	-	-	-	115,120	142,252	257,372
Transfer to Management Corporation	-	-	(8,344)	-	(44,102)	-	(52,446)
At 31 December 2017	4,441,261	116,558,739	3,335,598	1,976,906	5,221,812	722,029	132,256,345
Accumulated Depreciation							
At 1 January 2017	-	9,202,005	2,264,564	1,444,929	2,925,999	394,719	16,232,216
Depreciation charge for the financial year	-	3,067,335	142,240	136,842	698,451	56,327	4,101,195
Transfer to Management Corporation	-	-	(2,561)	-	(22,303)	-	(24,864)
At 31 December 2017	-	12,269,340	2,404,243	1,581,771	3,602,147	451,046	20,308,547
Net Carrying Amount at 31 December 2017	4,441,261	104,289,399	931,355	395,135	1,619,665	270,983	111,947,798

NOTES TO THE FINANCIAL STATEMENTS

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

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)**

Company	Motor vehicles RM	Furniture, fittings and renovations RM	Computers and office equipment RM	Total RM
2017				
Cost				
At 1 January 2017	1,668,479	155,633	134,348	1,958,460
Additions	-	-	4,502	4,502
At 31 December 2017	1,668,479	155,633	138,850	1,962,962
Accumulated Depreciation				
At 1 January 2017	1,136,478	113,900	120,900	1,371,278
Depreciation charge for the financial year	136,842	25,564	5,534	167,940
At 31 December 2017	1,273,320	139,464	126,434	1,539,218
Net Carrying Amount at 31 December 2017	395,159	16,169	12,416	423,744
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

NOTES TO THE FINANCIAL STATEMENTS

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

(a) **Hotel land and building**

The hotel land and building was revalued at RM121,000,000/- in March 2016.

Fair value information

Fair value of hotel land and building are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2017				
Group				
Hotel land and building	-	121,000,000	-	121,000,000
2016				
Group				
Hotel land and building	-	121,000,000	-	121,000,000

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Fair value hierarchy

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical hotel land and building that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for hotel land and building, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable input for the hotel land and building.

Transfer between levels of fair value hierarchy

There are no transfers between levels of fair values hierarchy during the financial year ended 31 December 2017 and 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Hotel land and building (Continued)

Level 2 fair value

Fair value of hotel land and building have been derived using the profit method. The profit method entails estimating the gross annual income that can be derived from the running of the property as a business concern. The net annual income is then arrived at by deducting therefrom the operating costs and outgoings incidental to the running of the business and ownership of the property, allowing a margin of profit for the running of the business. The net annual income so arrived at is then capitalised at a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

(b) Assets under hire purchase

Included in property, plant and equipment of the Group and the Company are motor vehicles with the net carrying amount of RM395,159/- (2016: RM532,001/-), which are acquired under hire-purchase arrangements.

(c) Assets pledged as security

The hotel land and building with a carrying amount of RM108,730,660 (2016: RM111,797,995) have been pledged as securities for credit facilities granted to a subsidiary as disclosed in Note 25 to the financial statements.

12. INVESTMENT PROPERTIES

	Group	
	2017	**2016**
	RM	**RM**
Shopping complex, at fair value		
At the beginning of the financial year	87,450,000	87,450,000
Fair value loss during the financial year	(2,338,000)	-
At the end of the financial year	85,112,000	87,450,000

The investment properties were revalued at RM85,112,000/- in February 2018.

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENT PROPERTIES (CONTINUED)

Details of the Group's investment properties are as follows:

Descriptions	Location	Existing use
Foodcourt, office/amusement area and supermarket	Kota Sri Mutiara Complex, Jalan Sultan Yahya Petra, 15150 Kota Bharu Kelantan.	Generate rental income

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

	Group	
	2017 RM	2016 RM
Rental income	4,725,828	5,385,483
Direct operating expenses	(83,392)	(178,249)

Fair value information

Fair value of investment properties are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2017				
Group				
Shopping complex	-	85,112,000	-	85,112,000
2016				
Group				
Shopping complex	-	87,450,000	-	87,450,000

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Fair value hierarchy

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for investment property, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable input for the investment property.

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENT PROPERTIES (CONTINUED)

Transfer between levels of fair value hierarchy

There are no transfers between levels of fair values hierarchy during the financial year ended 31 December 2017 and 31 December 2016.

Level 2 fair value

Fair value of investment properties have been derived using the sales comparison approach. Sales prices of comparable buildings in close proximity are adjusted for differences in location, size, age and condition of the building, floor level, tenure, title restrictions and other relevant characteristics to arrive at the market value.

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.

	Group	
	2017 RM	**2016 RM**
At Cost		
At the beginning/at end of the financial year	2,300,000	2,300,000
Less:		
Accumulated Amortisation		
At the beginning of the financial year	115,112	103,928
Amortisation for the financial year	11,184	11,184
At the end of the financial year	126,296	115,112
Less:		
Accumulated Impairment Loss		
At the beginning/end of the financial year	124,360	124,360
	2,049,344	2,060,528

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM	**2016 RM**
Unquoted shares, at cost	197,753,003	197,753,003
Less: Allowance for impairment	(255,827)	(250,100)
	197,497,176	197,502,903

Movement on allowance for impairment:

	Company	
	2017 RM	**2016 RM**
At the beginning of the financial year	(250,100)	(244,506)
Impairment for the financial year	(5,727)	(5,594)
At the end of the financial year	(255,827)	(250,100)

NOTES TO THE FINANCIAL STATEMENTS

14. **INVESTMENT IN SUBSIDIARIES (Continued)**

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

Name of Company	**Effective Equity Interest**		**Principal Activities**
	2017	**2016**	
	%	**%**	
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 Rimaflex Sdn. Bhd			
Rimaflex Nominees (Tempatan) Sdn. Bhd.	-	100	Struck off under Section 308 (4) of the CA 1965
Subsidiary of EBF Land Sdn. Bhd.			
Exquisite Properties Sdn. Bhd.	100	100	Dormant

15. **INVESTMENT IN AN ASSOCIATE**

	Group		**Company**	
	2017 RM	**2016 RM**	**2017 RM**	**2016 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**		**Principal Activities**
	2017	**2016**	
	%	**%**	
P.A. Projects Sdn. Bhd. # *	20	20	Design, supply, fabricating and installation of aluminium products

\# Audited by an auditor 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.

NOTES TO THE FINANCIAL STATEMENTS

16. **OTHER INVESTMENT**

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-current				
Available-for-sale financial asset				
- Equity instrument (quoted outside Malaysia), at cost				
At the beginning of the financial year	494,268	477,288	494,268	477,288
Unrealised (loss)/gain on foreign exchange	(9,543)	16,980	(9,543)	16,980
At the end of the financial year	484,725	494,268	484,725	494,268

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

17. **PROPERTY DEVELOPMENT EXPENDITURE**

	Group	
	2017 RM	2016 RM
At 1 January:		
Leasehold land	3,025,572	3,194,785
Development costs	50,237,329	51,594,300
	53,262,901	54,789,085
Cost incurred during the financial year:		
Development costs	3,018,718	6,032,962
	3,018,718	6,032,962
Costs recognised in profit or loss:		
Leasehold land	-	(101,484)
Development costs	1,208,403	(691,258)
	1,208,403	(792,742)
Transfer:		
To inventories	-	(6,766,404)
	57,490,022	53,262,901
At 31 December:		
Leasehold land	3,025,572	3,025,572
Development costs	54,464,450	50,237,329
Carrying amounts	57,490,022	53,262,901

During the financial year, the borrowing costs capitalised as property development expenditure amounted to RM2,659,300/- (2016: RM2,453,425/-).

NOTES TO THE FINANCIAL STATEMENTS

18. **INVENTORIES**

	Group	
	2017	**2016**
	RM	**RM**
At cost		
Completed properties	13,268,354	10,931,546
Food and beverages	226,689	287,288
	13,495,043	11,218,834

The cost of inventories of the Group recognised as an expense in profit or loss during the financial year was RM60,599/- (2016: RM218,390/-).

19. **FINANCING RECEIVABLES – SECURED**

	Group	
	2017	**2016**
	RM	**RM**
Financing receivables	16,983,397	17,065,159
Less: Unearned interest	(590,141)	(590,141)
	16,393,256	16,475,018
Less: Allowance for impairment	(16,393,256)	(16,475,018)
	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

20. **TRADE AND OTHER RECEIVABLES**

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables	(a)	2,826,542	5,577,512	-	-
Less: Impairment loss		(1,116,300)	(1,383,221)	-	-
		1,710,242	4,194,291	-	-
Amount owing by subsidiaries	(b)	-	-	52,871,104	54,492,936
Less: Impairment loss		-	-	(47,917,224)	(48,254,625)
		-	-	4,953,880	6,238,311
Other receivables		4,781,423	4,848,672	-	-
Less: Impairment loss		(4,547,341)	(4,547,341)		
Less: Written off		(45,265)	-	-	-
		188,817	301,331	-	-
Deposits		352,112	448,774	11,775	11,495
Less: Written off for deposits		(156,623)	-	-	-
		195,489	448,774	11,775	11,495
Prepayments		143,203	217,959	8,698	9,839
GST claimable		122,138	1,247,927	-	-
Total trade and other receivables		2,359,889	6,410,282	4,974,353	6,259,645

(a) **Trade receivables**

Group

The trade credit term ranges from 7 to 90 days (2016: 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	
	2017 RM	2016 RM
Neither past due nor impaired	453,367	925,569
1 to 30 days past due not impaired	219,111	469,280
31 to 60 days past due not impaired	75,178	163,810
61 to 90 days past due not impaired	42,023	530,670
91 to 120 days past due not impaired	70,032	40,345
More than 121 days past due not impaired	850,531	2,064,617
	1,256,875	3,268,722
Impaired	1,116,300	1,383,221
	2,826,542	5,577,512

NOTES TO THE FINANCIAL STATEMENTS

20. **TRADE AND OTHER RECEIVABLES (CONTINUED)**

(a) **Trade receivables (continued)**

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 RM1,256,875/- (2016: RM3,268,722/-) 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.

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	
	2017	**2016**
	RM	**RM**
Collectively impaired		
Trade receivables - nominal amounts	1,116,300	2,876,379
Less: Impairment loss	(1,116,300)	(1,383,221)
	-	1,493,158

Movement in allowance accounts:

	Group	
	2017	**2016**
	RM	**RM**
At the beginning of the financial year	(1,383,221)	(1,404,253)
Impairment for the financial year	(1,016,552)	-
Reversal of impairment loss	1,222,508	21,032
Transfer of management corporation	60,965	-
At the end of the financial year	(1,116,300)	(1,383,221)

(b) **Amount owing by subsidiaries**

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

NOTES TO THE FINANCIAL STATEMENTS

21. DEPOSITS PLACED WITH LICENSED BANKS

Group

Deposits placed with licensed banks of RM3,054,362/- (2016: RM2,389,655/-) are pledged to the banks for banking facilities granted to a subsidiary.

Included in the deposits placed with licensed banks is an amount of RM1,009,887/- (2016: 977,743/-) which earn effective interest rate ranging from 3.06% to 3.29% (2016: 3.15% to 3.40%) per annum.

22. CASH AND BANK BALANCES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	949,704	1,815,979	20,388	30,163
Cash held under Housing Development Account	234,694	230,554	-	-
	1,184,398	2,046,533	20,388	30,163

Group

The housing development accounts which held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, comprise monies received from purchasers, are for the payment of property development expenditure incurred and are restricted from use in other operations.

23. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of shares Unit	RM	Number of shares Unit	RM
Authorised:				
Ordinary shares	Note (a)	Note (a)	2,000,000,000	1,000,000,000
Issued and fully paid:				
Ordinary shares with no par value: (2016: par value of RM0.50/- each)				
At the beginning of the financial year	245,667,975	122,833,988	245,667,975	122,833,988
Transition to non-par value regime (Note (a) & (b))	-	335,001	-	-
At the end of the financial year	245,667,975	123,168,989	245,667,975	122,833,988

NOTES TO THE FINANCIAL STATEMENTS

23. **SHARE CAPITAL (Continued)**

(a) **Share capital**

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM335,001/- become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM335,001/- for purposes as set out in Sections 618(3). There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

(b) **Share premium**

The share premium is arrived at after accounting for the premium received over the nominal value of the shares issued. During the current financial year, the share premium has been transferred to share capital in accordance with Section 618(2) of the Companies Act 2016.

24. (a) **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.

(b) **REVALUATION RESERVE**

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

25. **LOANS AND BORROWINGS**

		Group		Company	
		2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Current					
Bank overdraft - Business cash line - i	(a)	30,123,014	27,636,964	-	-
Hire purchase payables	(b)	103,415	98,227	103,415	98,227
Term loan - Business financing - i	(c)	1,734,114	2,913,831	-	-
		31,960,543	30,649,022	103,415	98,227
Non-current					
Hire purchase payables	(b)	206,141	309,556	206,141	309,556
Term loan - Business financing - i	(c)	26,727,762	27,152,045	-	-
		26,933,903	27,461,601	206,141	309,556
Total borrowings		58,894,446	58,110,623	309,556	407,783

NOTES TO THE FINANCIAL STATEMENTS

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

Group and Company

(a) Bank overdraft - Business cash line - i

The business cash line - i bears effective profit at 7.60% (2016: 7.60% to 7.85%) per annum.

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

(i) First party first legal charge over a subsidiary's property as disclosed in Note 11 to the financial statements;
(ii) First party second legal charge over a subsidiary's property as disclosed in Note 11 to the financial statements;
(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.

(b) Hire purchase payables

	Group and Company	
	2017 RM	2016 RM
Future minimum hire-purchase payables		
- not later than one year	115,992	115,992
- later than one year but not later than five years	216,498	332,490
	332,490	448,482
Less: Future finance charges	(22,934)	(40,699)
	309,556	407,783
Represented by		
- Current	103,415	98,227
- Non-current	206,141	309,556
	309,556	407,783

The hire-purchase payables of the Group and of the Company bear interest ranging from 4.66% to 5.28% (2016: 4.66% to 5.28%) per annum.

(c) Term loan - Business financing - i

	Group	
	2017 RM	2016 RM
Total outstanding	28,461,876	30,065,876
Less: Portion due within one year	(1,734,114)	(2,913,831)
Portion repayable after one year	26,727,762	27,152,045

Business financing - i 1 and 2 of a subsidiary amounting to RM841,254/- and RM9,748,197/- (2016: RM1,139,434/- and RM10,285,096/-) respectively, which both bear effective profit at 7.60% (2016: 7.60%) per annum. Business financing – i 1 is repayable by 72 monthly instalments of RM31,209/- and Business financing – i 2 is repayable by 12 monthly instalments of RM59,820/- and follow by 48 monthly instalments of RM352,820/- and are secured and supported as follows:

(i) First party first legal charge over a subsidiary's property as disclosed in Note 11 to the financial statements; and
(ii) Corporate guarantee of the Company.

NOTES TO THE FINANCIAL STATEMENTS

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

(c) Term loan - Business financing - i (continued)

Business financing - i 3 of a subsidiary of RM17,872,425/- (2016: RM18,641,346/-) bears effective profit at 7.60% (2016: 7.60%) per annum. It is repayable in 12 monthly instalments of RM113,900/- and follow by 168 monthly instalments of RM174,410and is secured as follows:

(i) First party second legal charge over a subsidiary's property as disclosed in Note 11 to the financial statements;
(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.

26. **DEFERRED TAX LIABILITIES**

	Group	
	2017	**2016**
	RM	**RM**
Deferred tax liabilities	12,301,811	12,610,650

(a) The movement of deferred tax liabilities are as follows:

	Group	
	2017	**2016**
	RM	**RM**
At the beginning of the financial year	12,610,650	12,695,417
Recognised in profit or loss during the financial year (Note 9)	(308,839)	(84,767)
At the end of the financial year	12,301,811	12,610,650

(b) The components of deferred tax liabilities as at the end of the financial year comprise the following:

	Group	
	2017	**2016**
	RM	**RM**
Deferred tax liabilities		
Temporary differences between net carrying amount and corresponding tax written values in relation to property, plant and equipment	12,301,811	12,610,650

NOTES TO THE FINANCIAL STATEMENTS

27. PROVISIONS FOR LIABILITIES

	(a) Provision for furniture, fittings and equipments RM	(b) Provision for liquidated and ascertained damages RM	Total RM
Group			
At 1 January 2016	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)	-	(614,833)
Less: Payment made during the financial year	-	(84,000)	(84,000)
At 31 December 2016	137,312	5,495,656	5,632,968
Recognised in profit or loss	410,259	-	410,259
Less: Utilisation of provision	(417,821)	-	(417,821)
Less: Reversal during the financial year	-	(1,096,203)	(1,096,203)
Less: Payment made during the financial year	-	(321,163)	(321,163)
At 31 December 2017	129,750	4,078,290	4,208,040

(a) ***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.

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

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

28. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables	(a)	9,652,446	8,550,965	-	-
Other payables		2,982,128	1,450,033	76,429	12,369
GST payables		109,952	999,025	-	-
Accrued expenses		2,079,285	3,438,926	19,852	49,540
Amount owing to subsidiaries	(b)	-	-	24,133,851	22,552,220
Amount owing to directors	(c)	900,000	-	900,000	-
Deposits received		2,381,535	1,726,077	2,248	2,248
Advances received from potential purchasers		236,621	275,390	-	-
		18,341,967	16,440,416	25,132,380	22,616,377

(a) **Trade payables**

The normal trade credit term granted to the Group ranges from 30 to 60 days (2016: 30 to 60 days).

NOTES TO THE FINANCIAL STATEMENTS

28. **TRADE AND OTHER PAYABLES (CONTINUED)**

(b) **Amount owing to subsidiaries**

Amount owing to subsidiaries is non-trade in nature, unsecured, bear interest at 7.60% (2016: 7.60%) per annum.

(c) **Amount owing to directors**

Amount owing to directors are non-trade in nature, unsecured, interest free and repayable within 8 months from the date of advances, as and when the amount and timing of repayment will not adversely affect the cash flow of the Group and of the Company to meet its obligation when they fall due.

29. **RELATED PARTIES**

(a) **Identify of related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Entities having significant influence over the Group;
(ii) Subsidiaries as disclosed in Note 14 to the financial statements;
(iii) Associate as disclosed in Note 15 to the financial statements;
(iv) Entities in which directors have substantial financial interests; and
(v) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) **Significant related party transactions**

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2017	**2016**
	RM	**RM**
Management fee		
Subsidiaries	466,069	472,877

(c) **Key management personnel compensation**

	Group		**Company**	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Executive Directors				
Salaries and allowances	648,000	648,000	648,000	648,000
Other emoluments	80,247	95,072	80,247	95,072
	728,247	743,072	728,247	743,072
Non-Executive Directors				
Allowances	26,500	-	26,500	-
Fees	356,000	336,000	356,000	336,000
Total directors' remuneration	1,110,747	1,079,072	1,110,747	1,079,072

NOTES TO THE FINANCIAL STATEMENTS

29. **RELATED PARTIES (CONTINUED)**

(c) **Key management personnel compensation (continued)**

	Group		Company	
	2017 **RM**	**2016** **RM**	**2017** **RM**	**2016** **RM**
Key management personnel				
- Salaries and allowances	528,000	359,790	348,000	359,790
- Defined contribution	57,420	43,176	41,760	43,176
- SOCSO contribution	3,079	1,483	1,657	1,483
	588,499	404,449	391,417	404,449

The estimated monetary value of Directors' and key management personnel benefit-in-kind is RM42,000/- and RM9,900/- respectively (2016: RM52,133/- and RM7,400/- respectively).

30. **FAIR VALUE OF FINANCIAL INSTRUMENTS**

(a) **Categories of financial instruments**

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Loan and receivables ("L&R");
(ii) Available-for-sale financial assets ("AFS"); and
(iii) Other financial liabilities ("FL").

	L&R **RM**	**AFS** **RM**	**FL** **RM**	**Total** **RM**
2017				
Group				
Financial Assets				
Other investment	-	484,725	-	484,725
Trade and other receivables (exclude prepayments and GST claimable)	2,094,548	-	-	2,094,548
Deposits placed with licensed banks	3,054,362	-	-	3,054,362
Cash and bank balances	1,184,398	-	-	1,184,398
Financial Liabilities				
Trade and other payables (exclude deposits received and GST payables)	-	-	14,950,480	14,950,480
Amount owing to directors	-	-	900,000	900,000
Loans and borrowings	-	-	58,894,446	58,894,446

NOTES TO THE FINANCIAL STATEMENTS

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

	L&R RM	AFS RM	FL RM	Total RM
2017				
Company				
Financial Assets				
Other investment	-	484,725	-	484,725
Trade and other receivables (exclude prepayments)	11,775	-	-	11,775
Amount owing by subsidiaries	4,953,880	-	-	4,953,880
Cash and bank balances	20,388	-	-	20,388
Financial Liabilities				
Trade and other payables (exclude deposits received)	-	-	96,281	96,281
Amount owing to subsidiaries	-	-	24,133,851	24,133,851
Amount owing to directors	-	-	900,000	900,000
Loans and borrowings	-	-	309,556	309,556

	L&R RM	AFS RM	FL 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 investment	-	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

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

(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**
2017					
Financial asset					
Other investment	484,725	3,199,184	-	-	3,199,184
Financial liabilities					
Term loan - Business financing - i	28,461,876	-	-	30,624,979	30,624,979
Hire purchase payables	309,556	-	-	332,490	332,490
2016					
Financial asset					
Other investment	494,268	3,262,196	-	-	3,262,196
Financial liabilities					
Term loan - Business financing - i	30,065,876	-	-	32,350,883	32,350,883
Hire purchase payables	407,783	-	-	448,482	448,482
Company					
2017					
Financial asset					
Other investment	484,725	3,199,184	-	-	3,199,184
Financial liabilities					
Hire purchase payables	309,556	-	-	332,490	332,490
2016					
Financial asset					
Other investment	494,268	3,262,196	-	-	3,262,196
Financial liability					
Hire purchase payables	407,783	-	-	448,482	448,482

There were no unrecognised financial instruments as at 31 December 2017 that we are required to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS

31. **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.

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 2017, 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 20 to the financial statements.

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 RM58,584,890/- (2016: RM57,702,840/-) 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.

NOTES TO THE FINANCIAL STATEMENTS

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

(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.

		Contractual cash flows			
	Carrying amount	Within 1 Year RM	1 - 5 Years RM	> 5 Years RM	Total RM
2017					
Group					
Financial Liabilities					
Trade and other payables (exclude deposits received and GST payables)	14,950,480	14,950,480	-	-	14,950,480
Amount due to directors	900,000	900,000	-	-	900,000
Bank overdraft - Business cash line - i	30,123,014	30,123,014	-	-	30,123,014
Hire purchase payables	309,556	115,992	216,498	-	332,490
Term loan - Business financing - i	28,461,876	3,873,193	20,325,724	15,763,315	39,962,232
Company					
Trade and other payables (exclude prepayments)	96,281	96,281	-	-	96,281
Amount owing to subsidiaries	24,133,851	24,133,851	-	-	24,133,851
Amount due to directors	900,000	900,000	-	-	900,000
Hire purchase payable	309,556	115,992	216,498	-	332,490
Financial guarantee	58,584,890	33,996,207	20,325,724	15,763,315	70,085,246

NOTES TO THE FINANCIAL STATEMENTS

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

(b) **Liquidity risk (continued)**

Maturity analysis (continued)

		Contractual cash flows			
	Carrying amount	**Within 1 Year RM**	**1 - 5 Years RM**	**> 5 Years RM**	**Total RM**
2016					
Group					
Financial Liabilities					
Trade and other payables (exclude deposits received and GST payables)	13,715,314	13,715,314	-	-	13,715,314
Bank overdraft - Business cash line - i	27,636,964	27,636,964	-	-	27,636,964
Hire purchase payables	407,783	115,992	332,490	-	448,482
Term loan - Business financing - i	30,065,876	5,090,433	24,484,674	15,909,815	45,484,922
Company					
Trade and other payables (exclude prepayments)	61,909	61,909	-	-	61,909
Amount owing to subsidiaries	22,552,220	22,552,220	-	-	22,552,220
Hire purchase payable	407,783	115,992	332,490	-	448,482
Financial guarantee	57,702,840	32,727,397	24,484,674	15,909,815	73,121,886

(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 as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their business cash line - i and business financing – i with floating interest rates. 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.

NOTES TO THE FINANCIAL STATEMENTS

31. **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	
		2017 RM	2016 RM	2017 RM	2016 RM
Floating rate instruments					
Financial Liabilities					
Bank overdraft - Business cash line - i	25(a)	30,123,014	27,636,964	-	-
Term loan - Business financing - i	25(c)	28,461,876	30,065,876	-	-
Fixed rate instruments					
Financial Assets					
Deposits placed with licensed banks	21	3,054,362	2,389,655	-	-
Financial Liabilities					
Amount due to subsidiaries	28	-	-	24,133,851	22,552,220
Hire purchase payables	25(b)	309,556	407,783	309,556	407,783

Sensitivity analysis for interest rate risk

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

	Change in basis point	Effect on profit for the financial year RM	Effect on Equity RM
Group			
31 December 2017	+1%	(585,849)	(585,849)
	- 1%	585,849	585,849
31 December 2016	+1%	(577,028)	(577,028)
	- 1%	577,028	577,028

(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

31. **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 2017	
Other investment	
Australian Dollar	484,725
31 December 2016	
Other investment	
Australian Dollar	494,268

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 basis point	Effect on loss for the financial year RM	Effect on Equity RM
31 December 2017			
- AUD	10%	48,473	48,473
	-10%	(48,473)	(48,473)
31 December 2016			
- AUD	10%	49,427	49,427
	-10%	(49,427)	(49,427)

NOTES TO THE FINANCIAL STATEMENTS

32. 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.

The Group and the Company monitor using gearing ratio. The gearing ratio is calculated as total debts divided by total equity. The gearing ratio for financial year ended 31 December 2017 and 31 December 2016 are as follows:

	Group	
	2017	**2016**
	RM	**RM**
Trade and other payables	18,341,967	16,440,416
Loans borrowings	58,894,446	58,110,623
Total debts	77,236,413	74,551,039
Total equity	183,358,150	191,311,950
Debts-to-equity ratio	42%	39%

33. CONTINGENCIES

	Company	
	2017	**2016**
	RM	**RM**
Contingent liabilities		
Corporate guarantee to banks in respect of banking facilities granted to a subsidiary	71,800,000	71,800,000

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 6 November 2017, The Company proposed to undertake a renounceable rights issue of up to 294,801,570 new ordinary shares in the Company ("Eastland Shares") ("Rights Shares") together with up to 147,400,785 free detachable warrants ("Warrants") on the basis of 6 Rights Shares for every 5 existing Eastland Shares held and 1 Warrant for every 2 Rights Shares subscribed for, on an entitlement date to be determined and announced later ("Proposed Rights Issue with Warrants").

Further, FBO Land (Setapak) Sdn Bhd ("FBO"), a wholly-owned subsidiary of Eastland, has entered into a conditional sale and purchase agreement ("SPA") with P.C.K. Properties Sdn Bhd ("PCK") for the acquisition of a parcel of leasehold development land situated at Jalan Pantai, Kota Kinabalu, Sabah measuring approximately 2,181.80 square meters, for a purchase consideration of RM23,265,000 to be satisfied in full via cash ("Proposed Acquisition).

(b) On 30 November 2017, Eastern Biscuit Factory Sdn. Bhd. ("EBF"), the wholly owned subsidiary of the Company, the owner of the hotel operating under the brand name "The Renaissance Kota Bharu Hotel" entered into a Termination Agreement, the associated International Services Agreement and the License and Royalty Agreement ("Termination"):

- Luxury Hotels International Management Company B.V (Malaysia Branch), the Manager of the Renaissance Kota Bharu Hotel; and
- Global Hospitality Licensing S.A R.L. the Proprietor of International Services and the License and Royalty associated with the Renaissance brand name.

In conjunction with the Termination, the Hotel rebranded as The Grand Renai, an in house brand with effect from 1 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

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

(a) On 12 March 2018, FBO entered into a supplemental agreement with PCK to vary and amend certain terms of the SPA. With the variations, the period for FBO to fulfil the Conditions Precedent is extended to 4 months and the completion of the Proposed Acquisition can take place ahead of the completion of the Proposed Right Issue with Warrants.

On 13 March 2018, the listing application in relation to the Proposed Right Issue with Warrants has been submitted to Bursa Securities.

36. **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 has filed for Motion for Leave from the Federal Court to appeal against the Court of Appeal's decision. 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. On 18 April 2018, the Federal Court has dismissed FBOL's application with cost of RM20,000.

STATEMENT BY DIRECTORS

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

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 37 to 103 are drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

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: 18 April 2018

STATUTORY DECLARATION

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

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 accompanying financial statements set out on pages 37 to 103 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 18 April 2018.

Before me,

………………………………………….

TAIB BIN 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 the Financial Statements

Opinion

We have audited the financial statements of Eastland Equity Bhd., which comprise the statements of financial position as at 31 December 2017 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 37 to 103.

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 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We 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 of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Investment properties (Note 4(a) and 12 to the financial statements)

Risk:

The Group's investment properties are measured at fair value subsequent to their initial recognition. The directors estimated the fair value of the investment properties based on the market valuation performed by an external independent valuer. We focused on this area because the valuation requires significant judgement in determining the appropriate valuation methods and the key assumptions used in the valuations.

Our audit response:

Our audit procedures included, among others:
- evaluating the competence, capabilities and objectivity of the external valuers which included consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation by reading the terms of engagement to assess whether any matters that might have affected their objectivity or limited the scope of their work;
- reading the valuation reports for significant properties and discussing with external valuers on their valuation methodology and the significant judgements they made; and
- assessing the valuation methodology used and appropriateness of the key assumptions based on our knowledge of the property industry including the adjustment for differences, if any, in key attributes made to the comparable properties.

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

Key Audit Matters (continued)

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

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 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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)

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: (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.

Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Dato' Lock Peng Kuan
No. 02819/10/2018 J
Chartered Accountant

Kuala Lumpur

Date: 18 April 2018

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	20	749,344	09/01/2008
Eastern Biscuit Factory Sdn Bhd	2-Level Basement Carpark, 7-Storey Podium Shopping Centre and an 11-storey 5-Star Hotel	Kota Sri Mutiara Jalan Sultan Yahya Petra 15150 Kota Bharu, Kelantan	Freehold	8,068 square metres	20	195,100,361	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	20	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)	1,057,020 square metres	N/A	3,025,572	27/04/2009
Eastern Biscuit Factory Sdn Bhd	Completed shop houses 20 units 2-storey 2 units 3-storey	Mukim Kuala Lemal Jajahan Pasir Mas Kelantan	Leasehold (Expiring on 22 July 2074)	29,060 square feet	2	9,103,212	15/05/2016

ANALYSIS OF SHAREHOLDINGS

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	:	15,413

DISTRIBUTION OF SHAREHOLDINGS AS AT 23 MARCH 2018

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Issued Share Capital
1 to 99 shares	7,767	50.39%	324,484	0.13%
100 to 1,000 shares	4,486	29.11%	1,350,787	0.55%
1,001 to 10,000 shares	1,986	12.89%	9,155,159	3.73%
10,001 to 100,000 shares	990	6.42%	33,888,415	13.80%
100,001 to 12,283,397 shares	182	1.18%	170,403,200	69.36%
12,283,398 and above	2	0.01%	30,545,930	12.43%
TOTAL	**15,413**	**100%**	**245,667,975**	**100%**

DIRECTORS' SHAREHOLDINGS AS AT 16 APRIL 2018 (as per Register of Directors' Shareholdings)

Name of Directors	No. of Shares (Direct)	%	No. of Shares (Indirect)	%
Datuk 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 16 APRIL 2018 (as per Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Shares (Direct)	%	No. of Shares (Indirect)	%
Sydney Lim Tau Chin	–	–	16,966,430#	6.91
Tan Kok Aun	1,763,200	0.72	16,966,430#	6.91
Maylex Ventures Sdn. Bhd.	16,966,430	6.91	–	–
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 their 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 deemed interest by virtue of shares held by his sister, Adeline Tan Wan Chen and his brother, Tan Chin Hao.

^ 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

THIRTY LARGEST SHAREHOLDERS As At 23 MARCH 2018

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	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB FOR CHU SHENG TAUR (PB)	9,119,533	3.71
5	**MAYBANK NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR RICKOH CORPORATION SDN. BHD.	9,000,000	3.66
6	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB FOR CHU JAN TOW (PB)	8,734,813	3.56
7	**MELVINYEO KIANDEE**	8,397,500	3.42
8	**CHONG OI LING**	7,678,000	3.13
9	**CHEW KENG SIEW**	6,680,000	2.72
10	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR CHIN KIM FEN	6,670,700	2.71
11	**MAYBANK NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR THONG MENG CHIL	6,480,400	2.64
12	**MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MARY TAN @ TAN HUI NGOH (STF)	5,953,600	2.42
13	**ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR GOLDMATRIX RESOURCES SDN. BHD (MU004)	5,752,200	2.34
14	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MAYLEX VENTURES SDN BHD	5,090,500	2.07
15	**POH SHIOW WOAN**	5,078,521	2.07
16	**LEONG WEE MING**	4,661,700	1.90
17	**CONNIE LEE FEN LING**	4,564,200	1.86
18	**TEY CHEE THONG**	4,312,900	1.76
19	**LING HUNG TAH**	2,588,600	1.05
20	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB BANK FOR HII JOON TECK (MQ0439)	2,571,100	1.05
21	**WAQAF AN-NUR CORPORATION BERHAD**	2,250,000	0.92
22	**LIM HONG SANG**	2,161,400	0.88
23	**UNIVERSAL TRUSTEE (MALAYSIA) BERHAD**	1,918,032	0.78
24	**WONG YAPP FAH @ CECELLIA WONG**	1,886,700	0.77
25	**WONG LUN LEONG @ HELEN**	1,778,300	0.72
26	**ANDRE @ MALWIN LEONG**	1,752,200	0.71
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	**RHB NOMINEES (TEMPATAN) SDN BHD** SOO WING CHING	1,230,800	0.50
30	**ALOYSIUS LAI MIN YUN**	1,000,000	0.41
	Total	**161,637,729**	**65.80**

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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 Eighteenth Annual General Meeting of the Company, to be held at Merbok Room, Level 6, The Grand Renai Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan on Monday, 28 May 2018 at 8.30 a.m. and at any adjournment thereof.

NO.	Ordinary Resolution	FOR	AGAINST
1.	To re-elect Datuk Yunus @ Mohd Yunus Bin Awang Hashim as Director		
2.	To re-elect Mr Tan Chin Hong as Director		
3.	To approve the payment of Directors' Fees and Benefits Payable for the financial year ending 31 December 2018 until the next Annual General Meeting		
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 ____________ 2018

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 18 May 2018 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.

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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

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