ANNUAL REPORT 2018

eastland

EASTLAND EQUITY BHD. (515965-A)

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting ("AGM") 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, 27 May 2019 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 2018 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 1 of the Explanatory Notes)**

2. To re-elect Encik Mohamed Akwal Bin Sultan Mohamad as Director who is retiring under Article 84 of the Articles of Association of the Company. **Ordinary Resolution 1**

3. To re-elect Mr Lee Chee Kiang as Director who is retiring under Article 91 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 period from 28 May 2019 until the date of next AGM to be paid monthly in arrears. **Ordinary Resolution 3**

5. To re-appoint Messrs Baker Tilly Monteiro Heng PLT 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 resolutions:-

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 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 (excluding treasury shares, if any) 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 (Please refer to Note 2 of the Explanatory Notes)**

7. **PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY**

   "THAT the existing Memorandum of Association and Articles of Association of the Company be and are hereby deleted in its entirety and that the new Constitution of the Company as set out in the Circular to Shareholders dated 29 April 2019 be and is hereby adopted as the new Constitution of the Company AND THAT the Board of Directors and/or Secretaries of the Company be and is hereby authorised to assent to any modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing." **Special Resolution (Please refer to Note 3 of the Explanatory Notes)**

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

Selangor Darul Ehsan
Date: 29 April 2019

NOTICE OF ANNUAL GENERAL MEETING

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 Share Registrars Sdn. Bhd. (formerly known as Symphony Share Registrars Sdn. Bhd.), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia 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 17 May 2019 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 of the Company. Hence, agenda item no. 1 is **not put forward for voting**.

2. Item 6 of the Agenda

The Company had, during its Eighteenth AGM held on 28 May 2018, 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 total number of issued share (excluding treasury shares, if any) of the Company 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.

3. Item 7 of the Agenda

The Special Resolution, if passed, will align the Constitution of the Company with the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and prevailing statutory and regulatory requirements as well as to render clarity and consistency throughout. Details of which as set out in the Circular to Shareholders dated 29 April 2019.

NOTICE OF ANNUAL GENERAL MEETING

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				
		2018	**2017**	**2016**	**2015**	**2014**
Revenue	RM	21,304,532	17,741,751	24,155,672	31,660,137	33,799,456
EBITDA	RM	(1,726,051)	(2,143,018)	1,377,196	15,226,415	10,733,844
(Loss)/Profit before tax	RM	(7,975,905)	(8,220,099)	(4,591,109)	9,170,671	6,898,127
(Loss)/Profit from continuing operations	RM	(7,159,104)	(7,944,257)	(6,118,211)	8,764,144	6,703,963
Net (Loss)/Profit attributable to equity holders	RM	(7,159,104)	(7,944,257)	(6,118,211)	8,764,144	6,703,963
Total Assets	RM	280,498,925	279,928,760	285,574,535	285,809,373	317,501,364
Total Liabilities	RM	104,520,202	95,156,151	92,794,657	89,713,570	130,169,705
Total Net Assets/Total Equity	RM	175,978,723	184,772,609	192,779,878	196,095,803	187,331,659
Return on Equity (ROE)	%	(4.07)	(4.30)	(3.17)	4.47	3.58
Return on Total Assets (ROTA)	%	(2.55)	(2.84)	(2.14)	3.07	2.11
Gearing Ratio	Times	0.59	0.51	0.48	0.46	0.69
Interest Coverage Ratio	Times	(3.02)	(3.18)	(1.44)	5.65	31.33
Earnings per share (EPS)	SEN	(2.91)	(3.23)	(2.49)	3.57	2.73
Net Tangible Asset per share	RM	0.72	0.75	0.78	0.80	0.76
Price Earning (PE) Ratio	Times	(3.26)	(4.17)	(7.63)	8.68	15.57
Share Price as at the Financial Year End	RM	0.10	0.14	0.19	0.31	0.43

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Abdul Hamidy Bin Abdul Hafiz
(Resigned on 31 December 2018)
(Chairman and Independent Non-Executive Director)

Datuk Yunus @ Mohd Yunus Bin Awang Hashim
(Resigned on 20 April 2019)
(Deputy Chairman and Senior Independent Non-Executive Director)

Lee Chee Kiang *(Appointed on 1 July 2018)*
(Managing Director)

Tan Chin Hong
(Executive Director)

Datuk Melvinyeo Kiandee *(Resigned on 18 July 2018)*
(Executive Director)

Mau Kam Wai *(Resigned on 28 February 2019)*
(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
(Resigned on 20 April 2019)
Mohamed Akwal Bin Sultan Mohamad

REMUNERATION COMMITTEE

Dato' Sri Abdul Hamidy Bin Abdul Hafiz (Chairman)
(Resigned on 31 December 2018)
Mohamed Akwal Bin Sultan Mohamad (Chairman)
(Appointed on 20 February 2019)
Datuk Yunus @ Mohd Yunus Bin Awang Hashim
(Resigned on 20 April 2019)
Petrus Gimbad

NOMINATING COMMITTEE

Datuk Yunus @ Mohd Yunus Bin Awang Hashim (Chairman)
(Resigned on 20 April 2019)
Petrus Gimbad
Dato' Sri Abdul Hamidy Bin Abdul Hafiz
(Resigned on 31 December 2018)
Mohamed Akwal Bin Sultan Mohamad
(Appointed on 20 February 2019)

COMPANY SECRETARIES

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

PRINCIPAL PLACE OF BUSINESS

Level 35-02 (East Wing), Q Sentral
2A, Jalan Stesen Sentral 2, KL Sentral
50470 Kuala Lumpur
Tel : +603-2731 9262
Fax : +603-2731 9282

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7720 1188
Fax : +603-7720 1111

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7841 8088/8099
Fax : +603-7841 8100

AUDITORS

Baker Tilly Monteiro Heng PLT
Baker Tilly Tower
Level 10, Tower 1
Avenue 5, Bangsar South City
59200 Kuala Lumpur
Tel : +603-2297 1000
Fax : +603-2282 9980

PRINCIPAL BANKER

Bank Islam Malaysia Berhad
Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur
Tel : +603 2088 8000
Fax : +603-2088 8028

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
- Main Market (Consumer Products & Services)
Stock Name : EASTLND
Stock Code : 2097

PROFILE OF THE BOARD OF DIRECTORS

LEE CHEE KIANG
Managing Director, Malaysian, Aged 45, Male

Lee Chee Kiang was appointed as Chief Executive Officer (CEO) of the company on 23 January 2018 and re-designated as Managing Director on 1 July 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, 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. Currently, he also is a director of HS Global Development Berhad.

He has a direct interest of 236,200 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. Other than traffic offences, he has not been convicted for any offences within the past five (5) years, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2018.

He attended all four (4) Board Meetings held during the financial year ended 31 December 2018 since his appointment as Managing Director on 1 July 2018.

TAN CHIN HONG
Executive Director, Malaysian, Aged 42, 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 the Company 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 virtue 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). Other than traffic offences, he has not been convicted for any offences within the past five (5) years, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2018.

He attended all ten (10) Board meetings held in the financial year ended 31 December 2018.

PROFILE OF THE BOARD OF DIRECTORS

PETRUS GIMBAD
Independent Non-Executive Director, Malaysian, Aged 62, 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 serves as Independent Director in the Board of Sabah Development Berhad and Kwantas Corporation Berhad.

Petrus was appointed as Chairman of the Audit and Risk Management Committee and Remuneration Committee and Member of Nominating Committee on 31 July 2013. Subsequently, he was re-designated as Member of Remuneration Committee on 13 August 2013.

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. Other than traffic offences, he has not been convicted for any offences within the past five (5) years, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2018.

He attended nine (9) of ten (10) Board meetings held in the financial year ended 31 December 2018.

MOHAMED AKWAL BIN SULTAN MOHAMAD
Independent Non-Executive Director, Malaysian, Aged 65, Male

Mohamed Akwal Bin Sultan Mohamad was retired at the Company 15th AGM held on 15 June 2015. He was subsequent re-appointed 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 appointed as the Member of Audit and Risk Management Committee on 20 August 2015. He was recently appointed as Chairman of Remuneration Committee and Member of Nominating Committee on 20 February 2019.

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. Other than traffic offences, he has not been convicted for any offences within the past five (5) years, nor any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2018.

He attended nine (9) out of ten (10) Board meetings held in the financial year ended 31 December 2018.

PROFILE OF KEY SENIOR MANAGEMENT

SAN TUCK HOE
Financial Controller, Malaysian, Aged 50, 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;
3) any conflict of interest with the Company or any family relationship with any director and/or major shareholder; and
4) other than traffic offences, he has not been convicted for any offences within the past five (5) years, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2018.

ERIC WEE EI-MAS
Project Manager, Malaysian, Aged 40, 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;
2) any conflict of interest with the Company or any family relationship with any director and/or major shareholder; and
3) other than traffic offences, he has not been convicted for any offences within the past five (5) years, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2018.

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

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES IN 2018

Eastland Equity Bhd ("Company") is an investment holding company. The business activities of its subsidiary are in hospitality, investment properties and property development. The Grand Renai Hotel ("Hotel") and Kota Sri Mutiara Shopping Complex ("KSM") in Kota Bharu are the Company's main properties. Bandar Tasek Raja ("BTR") commercial property development project in Pasir Mas, Kelantan is a joint venture with Majlis Daerah Pasir Mas ("MDPM").

Similar to previous years, the Company's focus has been to turnaround the Group. A corporate exercise involving a fund raising, a proposed acquisition of a strategic land in the city centre of Kota Kinabalu in Sabah and construction of a hotel and service apartments unfortunately it did not materialise. The management is exploring various other holistic corporate proposals aimed at addressing the Group's funding requirements and at improving its financial position. These cover debt settlement, new project funding including acquisition of viable business to boost Group revenue, maintenance of existing properties and for working capital purpose.

Hospitality

Revenue from The Grand Renai Hotel has declined as compared to last year due to the soft market, intense competition from other hotels, and general cost-cutting measures by private and public sector clients. The recent rebranding and takeover of the hotel operation from a previous well known international brand in December 2017 involved initial set-up activities. These involved changing of procedures which required financing to implement the hotel's own system, optimise staff force, manage client retention and settle final accounts with the previous brand owner. Following the downgrading of the hotel to a 4 star rating, apart from cost-cutting measures, preventive and marketing campaign were undertaken namely more aggressive on-site sales visits, sales and marketing packages and promotional campaigns to retain key corporate clients and lobbying for new accounts at ground level as well as through social media.

Investment Properties

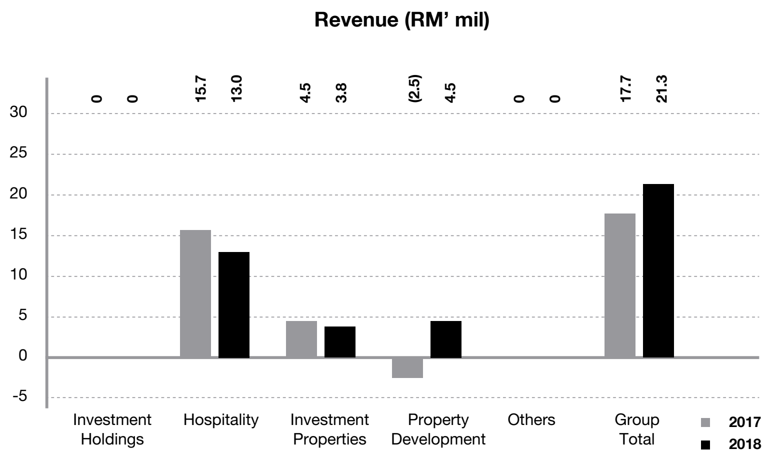
KSM which is a pioneer shopping mall in Kota Bharu has been self-sustaining. Despite competition, key tenants including the anchor tenant Billion Kota Bharu have been operating at KSM for more than 10 years.

Property Development

The development of phase 2 of BTR ("BTR2") has been progressing cautiously due to the prevailing soft property market condition and the non-availability of end-financing by banks despite demand. As of year-end, from the first block of 30 units that was launched, substantial construction work had been completed for 14 units while work is still in progress for the remaining 16 units. The management has engaged agents and intensified sales and promotion to boost sales from cash buyers.

FINANCIAL PERFORMANCE

Revenue



MANAGEMENT DISCUSSION AND ANALYSIS

Total Group revenue for the year was RM21.3Mil as compared to the preceding year of RM17.7Mil. This increase in Group revenue was mainly attributed to higher revenue from property development business. However it is offset by lower revenues from hospitality and investment property businesses.

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

Hospitality

Revenue from the Hotel was RM13.0Mil as compared to RM15.7Mil of the preceding year. The decrease was due to the overall drop in occupancy rate (3% drop), average room rates (11% drop) and food & beverage sales (17% drop) in 2018 as compared to 2017 due to the combined effect of intense competition, rebranding from international to local brand and the soft market.

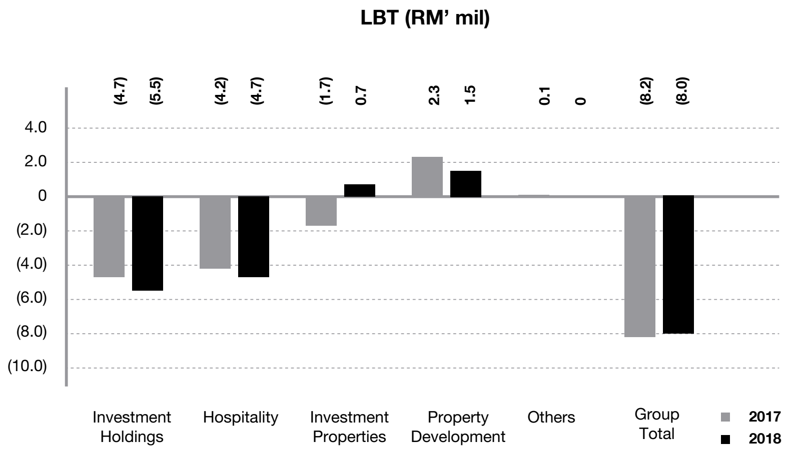
Investment Properties

Revenue from investment property business reduced from RM4.5Mil in 2017 to RM3.8Mil in 2018. The lower revenue was mainly attributed to reduction in tenancy and the transfer of the management of the condominiums and shopping complex building to Kota Sri Mutiara Management Corporation effective from April 2017.

Property Development

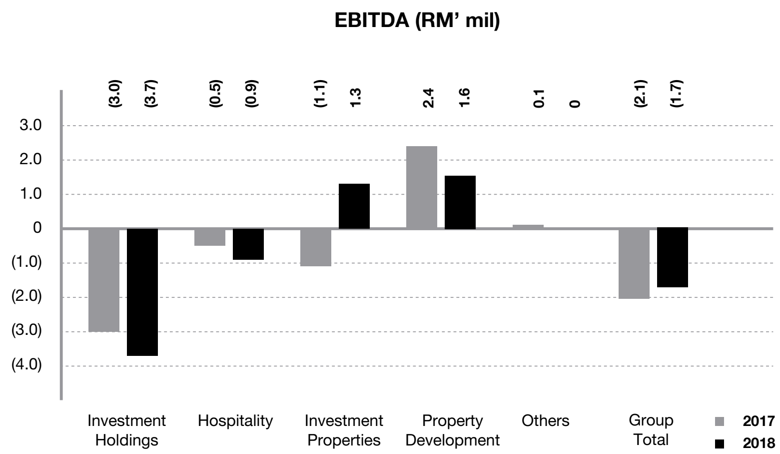
The property development segment recorded a revenue of RM4.5Mil for 2018 from the sale of BTR1 shoplots and a land earmarked for a departmental store, as compared to a negative revenue of RM2.5Mil in the preceding year due to reversal of sales of BTR1 shoplots following the rejection of transfer of land titles by the local authority.

Profitability

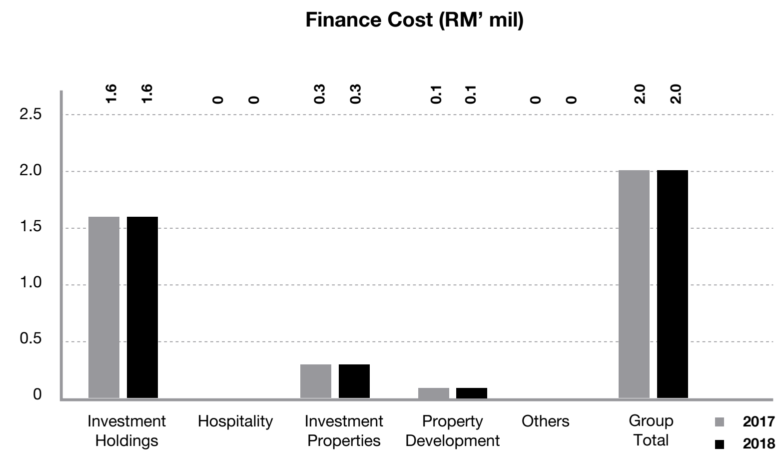


The Group registered a loss before tax of RM8.0Mil for 2018 as compared to a loss before tax of RM8.2Mil in the preceding year. The slight decrease was mainly due to the combined effect of last year's RM2.3Mil fair value reduction adjustment and RM1.1Mil write back of LAD provision, offset by current year's corporate exercise related expenses at the holding company of RM0.7Mil.

MANAGEMENT DISCUSSION AND ANALYSIS



Finance cost



Finance cost relates to the Islamic term loans and overdraft facilities utilised for project development and working capital purposes.

ASSET CHANGES

Property, Plant and Equipment
Property, plant and equipment reduced from RM111.9Mil in 2017 to RM108.9Mil in 2018 mainly due to depreciation charges of the Hotel of RM3.8Mil.

Prepaid Land Lease Payments
Prepaid land lease payments relates to the office property at Setapak, which was disposed off and accordingly the remaining amount fully amortised to Statements of Comprehensive Income during the year.

Other Investments
Other Investments which was retrospectively restated in compliance with MFRS 9, was reduced from RM3.2Mil in 2017 to RM1.6Mil in 2018 as a result of fair valuation. The decrease is adjusted as other comprehensive loss in the statements of comprehensive income.

Inventories - Property Development Costs
Inventories – property development costs, which is in respect of BTR2, increased from RM57.5Mil to RM63.6Mil in 2018. The increase was made up of capitalisation of finance costs totalling RM2.8Mil and development costs of RM5.7Mil less cost of sale of RM2.4Mil which is related to the disposal of a land earmarked for departmental store in BTR.

MANAGEMENT DISCUSSION AND ANALYSIS

Inventories – Completed Properties and Others

Inventories – completed properties and others decreased from RM13.3Mil in 2017 to RM11.8Mil in 2018. The decrease was mainly due to sales of shoplots at BTR1.

Liquidity

The Cash and Bank Balance as at 31 Dec 2018 at RM2.1Mil was 80% higher as compared to 2017. During the year, financial support of RM6.5Mil was provided by a director for working capital and to settle loan instalments. Further as part of the Company's rationalisation effort, a piece of property development land in BTR and an office building in Setapak were disposed for a total of RM5Mil.

Capital Requirement, Structure and Resources

Total term loans and bank overdraft increased from RM58.9Mil in 2017 to RM59.1Mil in 2018, mainly due to payments for BTR2 contractor and operational expenditure. This together with advance from a director and progress billings for BTR2 have resulted in a slight increase in the Group's gearing ratio from 0.51 in 2017 to 0.59 in 2018.

KNOWN TRENDS AND MOVING FORWARD

Financial liquidity, uncertainties in global environment and domestic demand remain the main challenges for the Group in 2019.

The Hospitality environment in Kota Bharu is expected to remain challenging because of increasing competition from other hotels. In addition to maintaining its existing clients, the management is currently exploring other strategies by targeting for new clients, developing new market space to expand the market size and exploring potential collaboration with interested parties.

Revenue from KSM is expected to be maintained. The contract of the main tenant Billion Kota Bharu is expiring on 31 December 2019. Advanced negotiations are on-going prior to expiry of tenancy with Billion Kota Bharu and other tenants to extend their contracts. To address competition, the management is also exploring crowd pulling strategies with the Management Corporation in addition to ensuring proper upkeep of the building.

For Property Development, the Company plans to venture into affordable housing in strategic and densely populated areas throughout Malaysia as this is expected to be a huge market. In February 2019, the government announced that there will be a million affordable housing to be built over a 10 year period (The Edge Markets online dated 17 February 2019, The Sun Daily online dated 17 February 2019). Depending on the size of the development, the Company may consider collaboration with reputable business partners.

BTR2 will continue to be developed albeit cautiously in stages according to prevailing market condition including exploring of other collaborative development options to mitigate financing risks. BTR is strategically positioned nearby PR1MA homes and other residential projects currently in development. The Pasir Mas market and the bus and taxi terminal have also been relocated to BTR. BTR is therefore well positioned to be a catchment point and major beneficiary of the increased traffic and a vibrant commercial centre.

DIVIDEND

The Board does not recommend any dividend for the financial year 2018.

SUSTAINABILITY STATEMENT

The Group acknowledges the requirements to adopt the sustainability agenda and practices as prescribed in Practice Note 9. However, the Group has yet to establish a formal sustainability framework and undertake material sustainability initiatives. Primarily, this was due to the Group's more urgent priorities on the following activities during the financial year:

i. Identifying a suitable and qualified managing director and addressing the Group's fundamental and immediate needs in business and cashflow sustainability including evaluating of proposal to reduce loans commitments; exploring of projects and business opportunities with recurring income and fund raising for these exploratory and proposed initiatives as well as working capital purposes;

ii. Restrategising the phased development of Bandar Tasek Raja phase 2 ("BTR2") project in consideration of the soft property market and the expected demand for shoplots in Pasir Mas. Furthermore, the management also explored various options with interested parties including the disposal of undeveloped land; and

iii. Rebranding The Grand Renai Hotel ("the Hotel") and implementing the necessary adjustments in the hotel operation to ensure smooth transition from international brand managed by Marriott Group to self-managed local brand. The Hotel is a major revenue contributor to the Group with rooms for improvement.

Nonetheless, 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. During the financial year, the Group has carried out its corporate social responsibilities ("CSR") by organising the following CSR activities with the philosophy of "Spirit to Serve" in the Hotel:

BLOOD DONATION CAMPAIGNS

On 6 May 2018 and 21 October 2018, the Hotel organised two blood donation campaigns. The events serve to raise awareness on the importance of blood bank and to promote a caring society. From these campaigns, a total of 83 pints of blood were collected from donors for 2 hospitals.

DINNER WITH UNDERPRIVILEGED CHILDREN

On 12 December 2018, the Hotel invited 30 underprivileged children from Pertubuhan Kebajikan Anak Yatim Kelantan (PEKAYATIM) for dinner and presented them with stationery items and cash donation.

The Board having deliberated and determined the Group's future direction, will soon be in a position to establish sustainability framework of the Group for implementation in stages.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION AND DESIGNATION

Petrus Gimbad
Chairman
(Independent Non-Executive Director)

Datuk Yunus @ Mohd Yunus Bin Awang Hashim
Member
(Senior Independent Non-Executive Director)
(Resigned on 20 April 2019)

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

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

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

Majority of the members of the Committee are financially literate, with diverse background and experience in accountancy and corporate banking.

The Board conducts peer 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 2018, 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 is published on the corporate website of the Company (www.eeb.com.my) pursuant to Paragraph 9.25 of the Main Market Listing Requirements ("Main Market") of Bursa Malaysia Securities Berhad ("Bursa Securities"). None of the members of the ARMC have been a partner of the current auditing firm of the Company.

ATTENDANCE

During the financial year ended 31 December 2018, there were six (6) ARMC Meetings held. Details of attendance by the members of the ARMC are as follows:

Director	Number of Meetings Attended	Percentage of Attendance (%)
Petrus Gimbad Chairman *Independent Non-Executive Director*	6/6	100
Datuk Yunus @ Mohd Yunus Bin Awang Hashim Member *Senior Independent Non-Executive Director* *(Resigned on 20 April 2019)*	5/6	83
Mohamed Akwal Bin Sultan Mohamad Member *Independent Non-Executive Director*	6/6	100

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:

a. Ensuring Financial Statements Comply with Applicable Financial Reporting Standards:

The ARMC reviewed the financial statements and the quarterly results, cash flows, and financial positions with management every quarter. During these 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. These clarifications and answers provided by the Executive Director and Financial Controller were deliberated in the meeting before the financial results and statements were presented to the Board for consideration and approval for announcement to Bursa Securities.

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 focused on 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 sessions with the External Auditors without the presence of the Executive Directors and management to ensure that issues were being objectively brought up to the attention of the ARMC.

b. 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 briefed the ARMC on the audit status, the new financial reporting standards and their impact on the Group financial reporting, regulatory development and changes, matters for control improvements 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 the Executive Directors and management as mentioned earlier.

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 2018 are as follows:

Fees incurred	Audit Fee RM'000	Non-Audit Fees RM'000
The Company	90	61
The Group	164	61

90% of the fees for non-audit services was in respect of the fee payable to reporting accountant for the corporate exercise during the year while the remaining fee are for the review of Statement on Risk Management and Internal Control in the Annual Report 2017. 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.

c. Reviewing the Audit Findings of the Internal Auditors and Assessing the Effectiveness and Adequacy of the Systems of Risk Management and Internal Control in the Key Operating Processes of the Group:

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

When reviewing the Internal Audit Reports, the ARMC had 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. Executive Directors and management were also invited to attend the ARMC meetings during the deliberation of internal audit issues. The presence of management ensured that the ARMC received a fair and balance view of the audit findings and issues reported by the Internal Auditors.

The cash flow risk remains as the primary challenge faced by the Group during the financial year. The ARMC had reviewed the internal audit's verification and findings on the Tenancy Management in Kota Sri Mutiara Complex, Sales Admin and Project Management function of Bandar Tasek Raja which have material impact on the Group's cash flow. Successively, Executive Directors and management were invited to attend and present status of material payments as well as debts and action taken to recover these debts.

Apart from the presentation of the Internal Audit Report, the ARMC also discussed with the Internal Auditors 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.

The ARMC had also conducted an annual review of the Internal Auditors' performance. The key assessment criterias of this review are:

(a) Scope of internal audit;
(b) Competency;
(c) Resources of the internal audit function;
(d) Necessary authority to carry out its work;
(e) Audit independent, to perform with impartiality, proficiency and due professional care; and
(f) Continuous engagement between Head of Internal Auditors and ARMC Chairman.

Overall, the ARMC rated the performance of the Internal Auditors as satisfactory based on these assessment criterias. The ARMC also hold private sessions with the Internal Auditors without the presence of the Executive Directors and management.

d. Overseeing Governance Practices:

Apart from its duties with respect to the financial statements and the External and Internal Auditors, the ARMC was 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 Corporate Governance ("CG") Report, CG Overview Statement, ARMC Report, Statement on Risk Management and Internal Control, Management Discussion and Analysis, Sustainability Statement and Directors' Responsibility Statement.

Separately, the ARMC had considered the related party transactions during its quarterly meeting in order to assess if these transactions were made on arm's length basis and consulted the Company Secretaries to ensure that the MMLR of Bursa Securities were followed and complied with. Apart from 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 former director of the Company, Datuk Melvinyeo Kiandee, there was no other related party transaction (as defined under the MMLR) transacted during the financial year.

INTERNAL AUDIT FUNCTION

The Group had outsourced the internal audit function to BPS Advisor Sdn. Bhd. ("BPS"), an internal audit firm. There is no other engagement between the Group and BPS which may create conflict of interest or impair their objectivity and independence.

The internal audit function is headed by a director and supported by an audit team comprising a manager and an executive who are accounting graduates. The Director in charge is Chong Kian Soon. Kian Soon is a member of Chartered Accountants Australia and New Zealand, the Malaysian Institute of Certified Public Accountants and the Institute of Internal Auditors Malaysia.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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 independence and objectivity of the Internal Auditors.

The Internal Auditors has asserted that their work is conducted in consideration of the broad principles of the International Professional Practice Framework of the 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 ARMC and management taking into consideration the Group's risk profile and the challenges faced. The Internal Audit Plan will be presented to the ARMC for deliberation and approval before internal audit reviews are carried out.

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

i. Tenancy Management of Kota Sri Mutiara Complex;
ii. Sales Administration and Project Management Functions of Bandar Tasek Raja Phase 1 & 2;
iii. Human Resource Function in The Grand Renai 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. These reports were also provided to management for implementation of 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 2018 was RM60,000 (2017: RM60,000).

NOMINATING COMMITTEE STATEMENT

The members of the Nominating Committee ("NC") as at the date of report are:

Chairperson : Datuk Yunus @ Mohd Yunus Bin Awang Hashim
(Senior Independent Non-Executive Director)
(Resigned on 20 April 2019)

Member : Petrus Gimbad
(Independent Non-Executive Director)

Mohamed Akwal Bin Sultan Mohamad
(Independent Non-Executive Director)
(Appointed on 20 February 2019)

Dato' Sri Abdul Hamidy Bin Abdul Hafiz
(Independent Non-Executive Director)
(Resigned on 31 December 2018)

The Terms of Reference of the NC are available at the Company's website at http://www.eeb.com.my/.

The NC ensures that its directors and chief executives have the character, experience, integrity, competence and time to effectively discharge their roles. Annually, the NC assesses the Directors' and Chief Executives' performance and provides them with the result and feedback on of the performance assessment for improvement.

New Director is nominated for appointment to the Board on the basis of his/her identified skills, knowledge and experience to meet the needs of the Board. When the Board intends to retain its Independent Director beyond nine years, it would justify and seek shareholders' approval in the AGM.

The Company has Gender Diversity Policy. The Board in its Charter recognises the importance of board diversity in order to provide constructive debates and leading to better board decisions. Presently, the Board does not have female director. The Board will take steps to ensure that women candidates are sought in its recruitment exercise for board position when considering appointment of new director in the future.

During the financial year, NC conducted three (3) meetings. Details of attendance by the members of the NC are as follows:

Director	Number of Meetings Attended
Datuk Yunus @ Mohd Yunus Bin Awang Hashim *(Senior Independent Non-Executive Director)* *(Resigned on 20 April 2019)*	3/3
Petrus Gimbad *(Independent Non-Executive Director)*	2/3
Dato' Sri Abdul Hamidy Bin Abdul Hafiz *(Independent Non-Executive Director)* *(Resigned on 31 December 2018)*	3/3

Following are the key agenda discussed and reviews conducted during these meetings:

i) Appointment of Mr Lee Chee Kiang as the New Chief Executive Officer ("CEO") of the Company

The NC had assessed and satisfied with the candidate for CEO position, Mr Lee Chee Kiang. The CEO appointment was proposed to the Board for further deliberation and approval by the NC.

NOMINATING COMMITTEE STATEMENT

ii) Annual Assessment of the Board and Board Committee as below:

a) Effectiveness of the Board and the Committee of the Board as a Whole

In this review, area of improvement for board information was identified and the dissolution of the Executive Committee was deliberated.

b) Time Commitment, Character, Experience, Integrity, Competence and Contribution of Each Individual Director Including Independent Non-Executive Directors, Managing Director, Executive Directors and Chief Executive Officer

The assessment revealed that all Board members possess relevant qualification, knowledge, experience and ability to understand the technical requirements, risks and management of the Group's business. Also, all Board members discharged their duties and responsibilities in a commendable manner and demonstrated their commitment and effort to the affairs of the Company and Group.

c) Mix of Skills and Experience of Each Individual Director Including the Core Competencies of the Non-Executive Directors

The Board annual assessment result affirmed that the overall mix of skills and experience of the Directors including the core competencies of the Non-Executive Directors and size of the Board is satisfactory.

d) Level of Independence of Directors

All Independent Directors have complied with the criteria of independence as set out in Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and carried out their duties and responsibilities independently and objectively.

e) Terms of Office and Performance of the Audit and Risk Management Committee ("ARMC") and Each of its Members Pursuant to Paragraph 15.20 of the MMLR of Bursa Securities

The performance of the ARMC and its individual members were satisfactory and have carried out their duties in accordance with their terms of reference.

iii. Retirement of Directors

Based on the annual assessment of Directors' performance, the NC recommended to the Board for the re-election of Directors at the forthcoming AGM.

iv. Succession Plan for Key Senior Management Position

Succession plan for key senior management position was entrusted on the CEO who has been designated as Managing Director on 1 July 2018. Moving forward, Managing Director shall review and present this succession plan to the NC and Board for deliberation.

v. Discussed and Recommended the Appointment of Mr Lee Chee Kiang as the Managing Director of the Company

NC had recommended the CEO to be designated as the Managing Director of the Company based on his commendable leadership and knowledge in the business of the Company and its subsidiaries, stakeholders' management as well as constructive engagement with the Board on the business operations and issues faced of the Group.

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 resolution and approval 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 2018. The three (3) main principles governing these governance practices are Board Leadership and Effectiveness; Effective Audit and Risk Management; and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders. These principles are as set out in the latest Malaysian Code on Corporate Governance ("MCCG").

The Board has also provided specific disclosures on the application of each Practice in its Corporate Governance Report ("CG Report"). This CG Report was announced together with the Annual Report of the Company on 29 April 2019. 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 all members of Audit and Risk Management Committee to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules; establishment of a formal sustainability and undertaken material sustainability initiatives; and leveraging of technology to facilitate voting in absentia and remote shareholders' participation at general meetings; overall the Board has applied the Practices set out in the latest MCCG in all material aspect.

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; ensuring effective strategies and management are in place, assessing the performance of the Group and its management team and reviewing the systems of internal control of the Group.

The Board recognises the importance of reviewing and adopting 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 scrutinise 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 to be retained for Board's decision.

The Board has established Audit and Risk Management Committee ("ARMC"), Nominating Committee and Remuneration Committee to ensure greater attention in the deliberation of specific Board agenda. The Board has defined the terms of reference for each Committee and the Chairmen 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 continues to ensure its effectiveness and provides strong leadership to the Group and the Management. In order to ensure that business is being properly managed, the Board performed periodic review of the financial results of the Group. These periodic reviews covered the business operations, financial performance and corporate exercise of the Group. The Board reviewed and deliberated with management in every board meetings during the year in monitoring the progress of these subject matters.

The Board has defined its Code of Conducts and Ethics covering Board's values and principles. This Code of Conducts and Ethics 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 or posting to PO Box #911, L2- 08, Level 2, Cheras Leisure Mall, Jalan Manis 6, Taman Segar, 56100 Kuala Lumpur.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board had reviewed its Charter, schedule of matter, Code of Conducts and the terms of reference of the Board Committees. These updated documents are 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 board matters and policies. The position of Board Chairman and Managing Director 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 decisions for appointment and removal of Company Secretaries or Secretaries rest with the Board.

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 ensured that each Director was provided with timely notices and minutes of meeting. Board papers were circulated to the Board members prior to the Board meetings in order to provide the Board members with timely information and to enable them to deliberate issues more effectively during the Board meetings. During the Board meeting, the Board reviewed and ensured that proper and adequate board agenda were covered for board deliberation. The Management was also 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.

The underlying factors of Directors' commitment to the Group are devotion of time and continuous improvement of knowledge and skill sets. During the financial year, ten (10) 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* *(Resigned on 31 December 2018)*	9/10
Datuk Yunus @ Mohd Yunus Bin Awang Hashim *Deputy Chairman and Senior Independent Non-Executive Director* *(Resigned on 20 April 2019)*	9/10
Datuk Melvinyeo Kiandee *Executive Director* *(Resigned on 18 July 2018)*	6/6
Lee Chee Kiang *Managing Director* *(Appointed on 1 July 2018)*	4/4
Mau Kam Wai *Executive Director* *(Resigned on 28 February 2019)*	9/10
Tan Chin Hong *Executive Director*	10/10
Petrus Gimbad *Independent Non-Executive Director*	9/10
Mohamed Akwal Bin Sultan Mohamad *Independent Non-Executive Director*	9/10

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is updated regularly by the Company Secretaries 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
Lee Chee Kiang	Mandatory Accreditation Programme (MAP)	8 - 9/10/2018	12 hours
Tan Chin Hong	MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments (Expected Credit Loss Model) by Baker Tilly Monteiro Heng*	9/1/2018	8 hours
Petrus Gimbad	SCLE Revision: Investment Management and Corporate Finance (Module 12) by SIDC	7-8 & 14/4/2018	24 hours
	Credit Risk Management - Banking Sector by The Iclif Leadership and Governance Centre	3-4/9/2018	16 hours
	Gearing Up for Corporate Liability by Malaysian Anti Corruption Agency by Corporate Anti Corruption Compliance Centre (CACCC)	10/10/2018	6 hours
	Asian Confederation of Institutes of Internal Auditors Conference 2018 (ACIIA Conference 2018) in Kuala Lumpur, Malaysia	29-30/10/2018	16 hours
	Leadership Energy Summit Asia by The Iclif Leadership and Governance Centre	14-15/11/2018	16 hours
Mohamed Akwal Bin Sultan Mohamad	Gearing Up for Corporate Liability by Malaysian Anti Corruption Agency by Corporate Anti Corruption Compliance Centre (CACCC)	10/10/2018	6 hours

(II) Board Composition

During the financial year ended 31 December 2018, the majority of the board members are Independent Non-Executive Directors. The Board had conducted its annual appraisal through self-assessment and was satisfied with the effectiveness of the composition of the Board.

A description of the background of each director is presented in their respective profile in pages 7 to 8 of this report.

The Nominating Committee reviewed the independence of the Independent Directors annually based on the requirements and definition of "independent director" as set out in the MMLR, the confirmation of independence declared by Independent Directors as well as their objectivity in carrying out their duties and responsibilities objectively.

The Board Charter provides that when Board intends to retain its Independent Director beyond nine (9) years, it would justify and seek shareholders' approval in the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Annual General Meeting ("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.

The Nominating Committee is chaired by a Senior Independent Non-Executive Director. Through the Nominating Committee, the Board had considered the appointment of Lee Chee Kiang as the Chief Executive Officer and subsequently designated as Managing Director of the Company during the year. Prior to his appointment, the Company had placed several advertisements in the newspapers to source for a suitable candidate. In making its decision, the Board had considered the recommendations from existing board members and management in assessing his skillsets, knowledge, professionalism, character and experience in line with the needs of the Group. The nomination of Lee Chee Kiang had been deliberated and reviewed by Nominating Committee before recommending to the Board for decision.

The performance evaluation of the Board was conducted by way of self-assessment. All Board members conducted a self-assessment and provided their feedback, views and suggestions for improvement. The results of these self-assessment forms were compiled and tabled to the Nominating Committee for review and deliberation. The principal considerations of the board and director performance appraisals in these self-assessments are:

i. Effectiveness of the Board and the Committees of the Board as a whole;
ii. Time commitment, character, experience, integrity, competence and contribution of each individual Director including Independent Non-Executive Directors, Managing Director/CEO and Executive Directors to ensure they have the time to discharge their respective roles; and
iii. Mixture of skills and experience of each individual Director including the core competencies of the Non-Executive Directors.

(III) Remuneration

The remuneration of the Executive Directors and Non-Executive Directors were reviewed by the Remuneration Committee and the Board respectively. All directors played 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 as well as the market conditions, industry practice and responsibilities of the Executive Directors. On the other hand, 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 28 May 2019 until the next annual general meeting of the Company) proposed for the shareholders' approval at the forthcoming AGM is RM650,000 (2018: RM650,000).

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. ARMC

The Board has established ARMC. The members of ARMC comprise fully Independent Non-Executive Directors. The Chairman of the ARMC is not the Chairman of the Board. Collectively, the ARMC possess a wide range of skills to discharge its duties and are financially literate and are able to understand matters under the purview of the ARMC.

None of the members of the ARMC are former audit partners of the current External Auditor of the Group. The ARMC is mindful of the minimum two (2) years cooling off period best practice under the MCCG when considering the appointment of former key audit partner from its current External Auditor's firm.

The present External Auditors has been appointed since the financial year ended 2008. Nonetheless, the External Auditors practise a 7-year engagement partner rotation policy.

The ARMC had reviewed the appointment, performance and remuneration of the External Auditors before recommending them to the Board for seeking of shareholders' approval at the forthcoming AGM for re-appointment. The ARMC had defined its policy on evaluation of External Auditors. In assessing the External Auditors, the ARMC considered the adequacy of resources of the firm, quality of service in term of timeliness and competency of the staff assigned to the audit as well as the auditors' independence and fee.

The ARMC had conducted meetings with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group. As part of the ARMC review processes, the ARMC also obtained 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 audit review memorandum.

II. Risk Management and Internal Control

The Board acknowledges that risk management is an integral part of governance practices and had put in place a Risk Management Policy which covers the risk management responsibilities of the Board and management. In accordance to this policy, the Managing Director, Executive Director and management assist the Board in executing business plan, reviewing, monitoring and tracking operational challenges as well as implementing action plans in order to achieve the desired financial performance.

The Board had established the Group's risk appetite. Cash flow and low in revenue remain as the primary challenges faced by the Group. Information 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 report to the ARMC directly and is responsible for conducting periodic reviews and appraisals on governance, risk management and internal controls of the Group. The ARMC reviews the internal audit plan 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 15.

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 Group has yet to establish a formal sustainability framework and undertaken material sustainability initiatives. During the year, the Group was primarily focused on exploring various corporate proposal to be undertaken.

II. Conduct of General Meetings

In order to promote 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 prepare and 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 will respond and meet the 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act 2016 and the MMLR 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

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 2018, 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

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 to achieve its business and financial objectives.

The Board had defined the Group Risk Policy which outlines the principles of risk management; the Board's and 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 thought process of COSO Enterprise Risk Management framework and ISO31000 on risk management are being applied by the Board when deliberating business agenda during the Board and Audit and Risk Management Committee Meetings. This thought process involves the identification of issues, consideration of the impact of the identified issues as well as effectiveness and adequacy of management actions.

Similar thought processes on risk management are applied and embedded by management into the operating and business processes. On 1 July 2018 the Board appointed the current Managing Director and subsequently on 14 March 2019 the Board dissolved the Executive Committee. Accordingly, the responsibilities for the execution of business plan and control and monitoring of risks are led by Managing Director, Executive Director and Financial Controller who report to and assist the Board in the board deliberation on key financial, operation and compliance matters.

The primary challenges are to address the cash flow position and the decline in revenue in the hospitality and property investment business of the Group due to slowdown in the economy activities in the region. The Board recognises the urgent need for injection of new business to turn around the cash flows of the Group. The Group is presently exploring various other more holistic corporate proposals after an earlier Corporate Proposal was aborted as announced in Bursa Malaysia Securities on 18 January 2019.

INTERNAL CONTROLS

In addition to the risk management process, the Board derives its comfort on the state of internal control and risk management in the Group through the following 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 Managing Director and Executive Director report to the Board on the performance of the operations while the Board scrutinises the management performance in order to ensure objectivity in assessing its effectiveness;

- Periodic discussion and review of 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;

- 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, and Internal Auditors;

- External professional advices are sought when needed to ensure that contractual risks are appropriately addressed and managed before entering into material contracts or agreements;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Management assurance that the Group's risk management and internal control systems are adequate and effective, in all material respects, through discussion with Managing Director, Executive Director and Financial Controller on operational matters; and

- The Internal Audit function assists the ARMC and the Board to carrying out independent assessment on the internal control systems and the governance practices.

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 Managing Director, Executive Director 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

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.

For the financial year under review, the Board is satisfied that the existing level of risk management and internal control systems are adequate and effective under the present business and cash flow positions of the Group.

REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the procedures were performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG3") issued by the Malaysian Institute of Accountants. The External Auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal control for the Group. However, AAPG3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures.

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and 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 of the Board of Directors during the meeting on 17 April 2019.

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

1. UTILISATION OF PROCEEDS

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2018.

2. SHARE BUY-BACKS

There was no share buy-backs effected during the financial year ended 31 December 2018.

3. OPTIONS OR CONVERTIBLE SECURITIES

There were no options or convertible securities issued by the Company during the financial year ended 31 December 2018.

4. DEPOSITORY RECEIPT PROGRAMME

There were no depository receipt programme sponsored by the Company during the financial year ended 31 December 2018.

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 2018.

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 2018 in respect of the review on the Statement of Risk Management and Internal Controls and corporate exercise during the financial year ended 31 December 2018 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 ("FBO"), a wholly-owned subsidiary of Eastland, entered into a conditional sale and purchase agreement and subsequently a supplemental agreement in financial year 2018 ("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").

The Vendor had, on 16 January 2019, informed the Board that it is not able to fulfil a representation and warranty in the SPA as the Planning Approval for the Proposed Development granted by Dewan Bandaraya Kota Kinabalu has lapsed on 9 January 2019. As there is much uncertainty as to when the extension of the Planning Approval may be obtained, FBO and PCK had, on 18 January 2019, entered into a deed of mutual termination to terminate the SPA in relation to the Proposed Acquisition.

9. PROFIT GUARANTEES

The Group did not provide or receive any profit guarantee during the financial year ended 31 December 2018.

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 2018.

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

The Company did not enter into any recurrent related party transactions during the financial year ended 31 December 2018.

Financial Statements

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 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 14 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	(7,159,104)	(3,547,127)
Attributable to:		
Owners of the Company	(7,159,104)	(3,547,127)

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 2018.

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 had satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of provision 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' REPORT

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:

Datuk Yunus @ Mohd Yunus Bin Awang Hashim	(Resigned on 20 April 2019)
Tan Chin Hong*	
Mohamed Akwal Bin Sultan Mohamad	
Petrus Gimbad	
Lee Chee Kiang*	(Appointed on 1 July 2018)
Mau Kam Wai	(Resigned on 28 February 2019)
Datuk Melvinyeo Kiandee	(Resigned on 18 July 2018)
Dato' Sri Abdul Hamidy Bin Abdul Hafiz	(Resigned on 31 December 2018)

* Directors of the Company and certain subsidiaries

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:

Interest in the Company

	Number of ordinary shares			
	At 1.1.2018	Bought	Sold	At 31.12.2018
Direct interest				
Lee Chee Kiang	236,200	-	-	236,200
Indirect interest				
Tan Chin Hong *	18,333,928	-	-	18,333,928

* Share held through corporations and siblings

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 is 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' REPORT

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 30 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 was neither indemnity given to nor insurance effected for any directors and officers of the Company.

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 33 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 are disclosed in Note 34 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 PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), 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:

…………………………………..
LEE CHEE KIANG
Director

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

Kuala Lumpur

Date: 24 April 2019

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Revenue	5	21,304,532	17,741,751	461,372	466,069
Other operating income		196,176	3,154,094	1,467,925	388,131
Gain on disposal of:					
- prepaid land lease payments		1,559,976	-	-	-
- property, plant and equipment		10,033	-	10,033	-
Consumables used		(1,610,967)	(1,925,845)	-	-
Cost of sales of completed properties		(1,515,400)	2,336,808	-	-
Cost of sales of property development units	17(a)	(2,429,615)	1,208,403	-	-
Depreciation of property, plant and equipment	11	(4,254,264)	(4,101,195)	(159,304)	(167,940)
Directors' remuneration	30(c)	(1,250,677)	(1,110,747)	(1,250,677)	(1,110,747)
Fair value loss on investment properties	12	-	(2,338,000)	-	-
Finance costs, net of finance income	7	(1,893,961)	(1,872,344)	(1,596,455)	(1,568,177)
Impairment losses on:					
- amount owing by subsidiaries		-	-	(33,461)	(20,380)
- investment in subsidiaries		-	-	(5,702)	(5,727)
- trade receivables		(185,910)	(1,016,552)	-	-
- other receivables		(25,372)	-	-	-
Inventories written off		(133,453)	-	-	-
Other operating expenses		(10,717,288)	(13,417,171)	(1,550,770)	(1,077,598)
Staff costs:					
- hotel operations		(5,323,896)	(5,359,400)	-	-
- others		(1,705,819)	(1,519,901)	(890,088)	(785,639)
Loss before tax	8	(7,975,905)	(8,220,099)	(3,547,127)	(3,882,008)
Income tax credit	9	816,801	275,842	-	-
Loss for the financial year		(7,159,104)	(7,944,257)	(3,547,127)	(3,882,008)
Other comprehensive loss, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Fair value loss on equity instrument designated at fair value through other comprehensive income		(1,634,782)	(63,012)	(1,634,782)	(63,012)
Total comprehensive loss for the financial year		(8,793,886)	(8,007,269)	(5,181,909)	(3,945,020)
Loss attributable to:					
Owners of the Company		(7,159,104)	(7,944,257)	(3,547,127)	(3,882,008)
Total comprehensive loss attributable to:					
Owners of the Company		(8,793,886)	(8,007,269)	(5,181,909)	(3,945,020)
Loss per share attributable to owners of the Company (Sen)					
Basic loss per share	10	(2.91)	(3.23)		
Diluted loss per share	10	(2.91)	(3.23)		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Group			Company		
		31.12.2018	31.12.2017 (Restated)	1.1.2017 (Restated)	31.12.2018	31.12.2017 (Restated)	1.1.2017 (Restated)
	Note	RM	RM	RM	RM	RM	RM
ASSETS							
Non-current assets							
Property, plant and equipment	11	108,964,980	111,947,798	115,819,203	284,402	423,744	587,182
Investment properties	12	85,112,000	85,112,000	87,450,000	-	-	-
Prepaid land lease payments	13	-	749,344	760,528	-	-	-
Investment in subsidiaries	14	-	-	-	197,491,474	197,497,176	197,502,903
Investment in an associate	15	-	-	-	-	-	-
Other investment	16	1,564,402	3,199,184	3,262,196	1,564,402	3,199,184	3,262,196
Total non-current assets		195,641,382	201,008,326	207,291,927	199,340,278	201,120,104	201,352,281
Current assets							
Inventories	17	75,465,525	70,985,065	64,481,735	-	-	-
Tax assets		1,033,854	1,300,720	2,077,398	-	-	-
Financing receivables - secured	18	-	-	-	-	-	-
Trade and other receivables	19	2,419,182	2,359,889	6,410,282	44,247	20,473	21,334
Contract assets	29	-	36,000	877,005	-	-	-
Deposits placed with licensed banks	20	3,812,818	3,054,362	2,389,655	-	-	-
Cash and bank balances	21	2,126,164	1,184,398	2,046,533	298,941	20,388	30,163
Total current assets		84,857,543	78,920,434	78,282,608	343,188	40,861	51,497
TOTAL ASSETS		280,498,925	279,928,760	285,574,535	199,683,466	201,160,965	201,403,778

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Group			Company		
		31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
			(Restated)	(Restated)		(Restated)	(Restated)
	Note	RM	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share capital	22	123,168,989	123,168,989	122,833,988	123,168,989	123,168,989	122,833,988
Share premium	23	-	-	335,001	-	-	335,001
Other reserves	24	111,867,323	113,502,105	113,565,117	111,342,529	112,977,311	113,040,323
Accummulated losses		(59,057,589)	(51,898,485)	(43,954,228)	(59,020,518)	(55,473,391)	(51,591,383)
TOTAL EQUITY		175,978,723	184,772,609	192,779,878	175,491,000	180,672,909	184,617,929
Non-current liabilities							
Loans and borrowings	25	28,800,730	26,933,903	27,461,601	97,539	206,141	309,556
Deferred tax liabilities	26	11,506,031	12,301,811	12,610,650	-	-	-
Total non-current liabilities		40,306,761	39,235,714	40,072,251	97,539	206,141	309,556
Current liabilities							
Loans and borrowings	25	30,524,998	31,960,543	30,649,022	108,602	103,415	98,227
Provisions for liabilities	27	2,704,315	4,208,040	5,632,968	-	-	-
Trade and other payables	28	26,417,639	18,341,967	16,440,416	23,986,325	20,178,500	16,378,066
Contract liabilities	29	4,566,489	1,409,887	-	-	-	-
Total current liabilities		64,213,441	55,920,437	52,722,406	24,094,927	20,281,915	16,476,293
TOTAL LIABILITIES		104,520,202	95,156,151	92,794,657	24,192,466	20,488,056	16,785,849
TOTAL EQUITY AND LIABILITIES		280,498,925	279,928,760	285,574,535	199,683,466	201,160,965	201,403,778

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

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

		Attributable to Owners of the Company					
	Note	Share Capital RM	Capital Reserve RM	Revaluation Reserve RM	Fair Value Reserve of Financial Assets at FVOCI RM	Accumulated Losses RM	Total Equity RM
Group							
At 31 December 2017, restated		123,168,989	110,238,037	524,794	2,739,274	(51,898,485)	184,772,609
Total comprehensive loss for the financial year							
Loss for the financial year		-	-	-	-	(7,159,104)	(7,159,104)
Other comprehensive loss for the financial year		-	-	-	(1,634,782)	-	(1,634,782)
Total comprehensive loss		-	-	-	(1,634,782)	(7,159,104)	(8,793,886)
At 31 December 2018		123,168,989	110,238,037	524,794	1,104,492	(59,057,589)	175,978,723

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

		Attributable to Owners of the Company						
	Note	**Share Capital RM**	**Share Premium RM**	**Capital Reserve RM**	**Revaluation Reserve RM**	**Fair Value Reserve of Financial Assets at FVOCI RM**	**Accumulated Losses RM**	**Total Equity RM**
Group								
At 31 December 2016								
- As previously reported		122,833,988	335,001	110,238,037	524,794	-	(42,619,870)	191,311,950
- Retrospective adjustments	35	-	-	-	-	-	(1,300,000)	(1,300,000)
- Effect of transition to MFRS 9	2.2(a)(ii)	-	-	-	-	2,802,286	(34,358)	2,767,928
Restated balance at 1 January 2017		122,833,988	335,001	110,238,037	524,794	2,802,286	(43,954,228)	192,779,878
Transition to no-par-value regime	23	335,001	(335,001)	-	-	-	-	-
Total comprehensive loss for the financial year								
Loss for the financial year		-	-	-	-	-	(7,944,257)	(7,944,257)
Other comprehensive loss for the financial year		-	-	-	-	(63,012)	-	(63,012)
Total comprehensive loss		-	-	-	-	(63,012)	(7,944,257)	(8,007,269)
At 31 December 2017, restated		123,168,989	-	110,238,037	524,794	2,739,274	(51,898,485)	184,772,609

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

		← Attributable to Owners of the Company →				
	Note	Share Capital RM	Capital Reserve RM	Fair Value Reserve of Financial Assets at FVOCI RM	Accumulated Losses RM	Total Equity RM
Company						
At 31 December 2017, restated		123,168,989	110,238,037	2,739,274	(55,473,391)	180,672,909
Total comprehensive loss for the financial year						
Loss for the financial year		-	-	-	(3,547,127)	(3,547,127)
Other comprehensive loss for the financial year		-	-	(1,634,782)	-	(1,634,782)
Total comprehensive loss		-	-	(1,634,782)	(3,547,127)	(5,181,909)
At 31 December 2018		123,168,989	110,238,037	1,104,492	(59,020,518)	175,491,000

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

	Note	Attributable to Owners of the Company					
		Share Capital RM	Share Premium RM	Capital Reserve RM	Fair Value Reserve of Financial Assets at FVOCI RM	Accumulated Losses RM	Total Equity RM
Company							
At 31 December 2016							
- As previously reported		122,833,988	335,001	110,238,037	-	(51,557,025)	181,850,001
- Effect of transition to MFRS 9	2.2(a)(ii)	-	-	-	2,802,286	(34,358)	2,767,928
Restated balance at 1 January 2017		122,833,988	335,001	110,238,037	2,802,286	(51,591,383)	184,617,929
Transition to no-par-value regime	23	335,001	(335,001)	-	-	-	-
Total comprehensive loss for the financial year							
Loss for the financial year		-	-	-	-	(3,882,008)	(3,882,008)
Other comprehensive loss for the financial year		-	-	-	(63,012)	-	(63,012)
Total comprehensive loss		-	-	-	(63,012)	(3,882,008)	(3,945,020)
At 31 December 2017, restated		123,168,989	-	110,238,037	2,739,274	(55,473,391)	180,672,909

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

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

		Group		Company	
		2018	2017 (Restated)	2018	2017 (Restated)
	Note	RM	RM	RM	RM
Cash flows from operating activities:					
Loss before tax		(7,975,905)	(8,220,099)	(3,547,127)	(3,882,008)
Adjustments for:					
Amortisation of prepaid land lease payments		9,320	11,184	-	-
Deposits written off		44,716	156,623	-	-
Depreciation of property, plant and equipment		4,254,264	4,101,195	159,304	167,940
Deregistration of a subsidiary		-	2	-	-
Fair value loss on investment properties		-	2,338,000	-	-
Finance costs		1,986,270	1,964,702	1,596,455	1,568,177
Finance income		(92,309)	(92,358)	-	-
Gain on disposal of:					
- property, plant and equipment		(10,033)	-	(10,033)	-
- prepaid land lease payments		(1,559,976)	-	-	-
Impairment losses on:					
- amount owing by subsidiaries		-	-	33,461	20,380
- investments in subsidiaries		-	-	5,702	5,727
- other receivables		25,372	-	-	-
- trade receivables		185,910	1,016,552	-	-
Inventories written off		133,453	-	-	-
Loss on transfer of management corporations		-	481,988	-	-
Other receivables written off		-	45,265	-	-
Plant and equipments written off		899	-	899	-
Provision for liabilities		-	410,259	-	-
Reversal of impairment losses:					
- amount owing by subsidiaries		-	-	(1,467,924)	(387,903)
- financing receivables		-	(81,762)	-	-
- trade receivables		(71,849)	(1,222,508)	-	-
Reversal of provision for liquidated ascertained damages		(79,748)	(1,096,203)	-	-
Write-back of payables		-	(370,824)	-	-
Operating loss before changes in working capital		(3,149,616)	(557,984)	(3,229,263)	(2,507,687)
Changes in Working Capital:					
Contract assets		36,000	-	-	-
Contract liabilities		3,156,602	-	-	-
Inventories		(4,613,913)	(6,503,330)	-	-
Provision for liabilities		28,697	(417,821)	-	-
Trade and other receivables		(243,442)	4,520,859	(23,774)	861
Trade and other payables		2,294,943	3,772,483	862,950	934,372
Net cash (used in)/ from operations		(2,490,729)	814,207	(2,390,087)	(1,572,454)
Interest paid		(289,086)	(326,248)	-	-
Provision for liabilities paid		(1,452,674)	(321,163)	-	-
Income tax refunded		287,887	743,681	-	-
Net cash flows (used in)/ from operating activities		(3,944,602)	910,477	(2,390,087)	(1,572,454)

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

	Note	Group 2018 RM	Group 2017 (Restated) RM	Company 2018 RM	Company 2017 (Restated) RM
Cash flows from investing activities:					
Advances from directors		5,680,000	-	5,680,000	-
Deregistration of a subsidiary		-	(2)	-	-
Placement of deposits pledged with licensed banks		(758,456)	(664,707)	-	-
Income received		92,309	92,358	-	-
Net payment in transfer of management corporation		-	(180,688)	-	-
Proceeds from disposal of prepaid land lease payments		2,300,000	-	-	-
Proceeds from disposal of property, plant and equipment		10,310	-	10,310	-
Purchase of property, plant and equipment		(1,272,622)	(257,372)	(21,138)	(4,502)
Repayments from subsidiaries		-	-	(1,300,662)	3,233,585
Net cash flows from/(used in) investing activities		6,051,541	(1,010,411)	4,368,510	3,229,083
Cash flows from financing activities:	(a)				
Drawdown of term loans		4,419,168	573,765	-	-
Interest paid		(1,596,455)	(1,546,024)	(1,596,455)	(1,568,177)
Repayments of term loans		(905,094)	(2,177,765)	-	-
Repayments of finance lease liabilities		(103,415)	(98,227)	(103,415)	(98,227)
Net cash flows from/(used in) financing activities		1,814,204	(3,248,251)	(1,699,870)	(1,666,404)
Net increase/(decrease) in cash and cash equivalents		3,921,143	(3,348,185)	278,553	(9,775)
Cash and cash equivalents at the beginning of the financial year		(28,938,616)	(25,590,431)	20,388	30,163
Cash and cash equivalents at the end of the financial year		(25,017,473)	(28,938,616)	298,941	20,388
Analysis of cash and cash equivalents					
Cash and bank balances	21	1,886,550	949,704	298,941	20,388
Cash held under Housing Development Account	21	239,614	234,694	-	-
Deposits placed with licensed banks	20	3,812,818	3,054,362	-	-
		5,938,982	4,238,760	298,941	20,388
Bank overdrafts	25	(27,143,637)	(30,123,014)	-	-
		(21,204,655)	(25,884,254)	298,941	20,388
Less: Deposits pledged	20	(3,812,818)	(3,054,362)	-	-
		(25,017,473)	(28,938,616)	298,941	20,388

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

(a) Reconciliation of liabilities arising from financing activities:

	1 January 2018 RM	Cash Flows RM	31 December 2018 RM
Group			
Term loans	28,461,876	3,514,074	31,975,950
Finance lease liabilities	309,556	(103,415)	206,141
	28,771,432	3,410,659	32,182,091
Company			
Finance lease liabilities	309,556	(103,415)	206,141

	1 January 2017 RM	Cash Flows RM	31 December 2017 RM
Group			
Term loans	30,065,876	(1,604,000)	28,461,876
Finance lease liabilities	407,783	(98,227)	309,556
	30,473,659	(1,702,227)	28,771,432
Company			
Finance lease liabilities	407,783	(98,227)	309,556

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 Level 35-02 (East Wing), Q Sentral, 2A, Jalan Stesen Sentral 2, KL Sentral, Kuala Lumpur, 50470 Malaysia.

The Company is principally involved in investment holding. The principal activities of its subsidiaries are disclosed in Note 14.

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 24 April 2019.

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 the Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Explanation of transition to MFRSs and change in accounting policy

(a) Transition to MFRSs

The financial statements of the Group and of the Company for the financial year ended 31 December 2018 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. For periods up to and including the financial year ended 31 December 2017, the Group and the Company prepared their financial statements in accordance with the Financial Reporting Standards ("FRSs") in Malaysia.

In preparing these financial statements, the Group's and the Company's opening MFRSs statements of financial position were prepared as at 1 January 2017 (the date of transition to MFRSs).

The Group and the Company have consistently applied the same accounting policies in the preparation of the financial statements of the Group and of the Company for the financial year ended 31 December 2018, the comparative financial statements for the financial year ended 31 December 2017, and the opening MFRSs statements of financial position as at 1 January 2017. The transition to the MFRSs framework does not have any significant effect on the financial statements of the Group and of the Company except for those discussed below.

(i) MFRS 15 Revenue from contracts with customers

The Group and the Company have applied MFRS 15 in accordance with the full retrospective transitional approach without using the practical expedients for completed contracts in MFRS 15.C5(a), and (b), or for modified contracts in MFRS 15.C5(c) but using the expedient in MFRS 15.C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the first MFRS reporting period, i.e. 1 January 2017.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (continued)

(i) MFRS 15 Revenue from contracts with customers (continued)

The adoption of MFRS 15 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to contracts with customers, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(a) Presentation of contract assets and contract liabilities

The Group and the Company have changed the presentation of certain amounts in the statements of financial position to reflect the terminology of MFRS 15:

(i) Contract assets recognised in relation to property development contracts which were previously presented as accrued billings as part of trade and other receivables.

(ii) Contract liabilities in relation to consideration received or has billed the customer.

(b) Presentation of property development costs

The Group and the Company have reclassified the property development costs for unsold units to inventories whilst property development costs for sold units to contract costs with separate disclosure of these balances have been made in the notes to the financial statements.

(c) Capitalisation of costs of obtaining contracts

The Group and the Company incurred incremental commission fees paid to intermediaries in connection with obtaining commercial property sales contracts. When the Group and the Company expect that these incremental costs will be recovered, they capitalise these costs and amortise them over the period during which the commercial property is transferred to the customer. These amounts were previously expensed as incurred.

(d) Timing of revenue recognition

The adoption of MFRS 15 means that revenue from property development contracts will be recognised on the basis of performance obligations. On the adoption of MFRS 15, revenue is adjusted to reflect the effect of changes to the timing of revenue recognition for property development activities.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (continued)

(ii) MFRS 9 Financial instruments

(a) Classification and measurement

The following are the changes in the classification of the Group's and the Company's financial assets:

(i) Quoted equity investments previously classified as available-for-sales financial assets

Quoted equity investments previously classified as available-for-sale (AFS) financial assets as at 31 December 2016 are classified and measured as equity instruments designated at fair value through other comprehensive income ("FVOCI") beginning 1 January 2017. The Group and the Company elected to classify irrevocably their quoted equity investments under this category because these investments are not held for trading. As a result, assets of the Group and of the Company with carrying amount of RM494,268 were reclassified from AFS financial assets to FVOCI at fair value of RM3,262,196 and recognised fair value reserve of financial assets at FVOCI of RM2,767,928.

(ii) Loans and receivables classified as amortised cost

Trade, other receivables and other financial assets, including refundable deposits previously classified as Loans and Receivables under FRS 139 as at 31 December 2016 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 January 2017.

In summary, the Group and the Company had the following required or elected reclassifications as at 31 December 2017 and 1 January 2017:

		MFRS 9 measurement category	
FRS 139 measurement category	**RM**	**Amortised cost RM**	**Fair value through other comprehensive income RM**
31 December 2017			
Financial assets			
Group			
Loans and receivables			
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	-
Available-for-sale			
Other investments *	484,725	-	3,199,184
	6,818,033	6,333,308	3,199,184

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (continued)

(ii) MFRS 9 Financial instruments (continued)

(a) Classification and measurement (continued)

In summary, the Group and the Company had the following required or elected reclassifications as at 31 December 2017 and 1 January 2017: (continued)

		MFRS 9 measurement category	
	RM	Amortised cost RM	Fair value through other comprehensive income RM
Company			
Loans and receivables			
Trade and other receivables (exclude prepayments)	11,775	11,775	-
Cash and bank balances	20,388	20,388	-
Available-for-sale			
Other investments *	484,725	-	3,199,184
	516,888	32,163	3,199,184

		MFRS 9 measurement category	
FRS 139 measurement category	RM	Amortised cost RM	Fair value through other comprehensive income RM
1 January 2017			
Financial assets			
Group			
Loans and receivables			
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	-
Available-for-sale			
Other investments *	494,268	-	3,262,196
	9,874,852	9,380,584	3,262,196

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (continued)

(ii) MFRS 9 Financial instruments (continued)

(a) Classification and measurement (continued)

In summary, the Group and the Company had the following required or elected reclassifications as at 31 December 2017 and 1 January 2017: (continued)

		MFRS 9 measurement category	
		Amortised cost	Fair value through other comprehensive income
	RM	RM	RM
Company			
Loans and receivables			
Trade and other receivables (exclude prepayments)	11,495	11,495	-
Cash and bank balances	30,163	30,163	-
Available-for-sale			
Other investments *	494,268	-	3,262,196
	535,926	41,658	3,262,196

* The change in carrying amount is a result of recognition of net changes in the fair value of quoted equity investments.

		MFRS 9 measurement category	
FRS 139 measurement category		Amortised cost	Fair value through other comprehensive income
	RM	RM	RM
31 December 2017			
Financial liabilities			
Group			
Other financial liabilities			
Loans and borrowings	58,894,446	58,894,446	-
Trade and other payables (exclude GST payables)	18,232,015	18,232,015	-
	77,126,461	77,126,461	-

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (continued)

(ii) MFRS 9 Financial instruments (continued)

(a) Classification and measurement (continued)

In summary, the Group and the Company had the following required or elected reclassifications as at 31 December 2017 and 1 January 2017: (continued)

		MFRS 9 measurement category	
	RM	Amortised cost RM	Fair value through other comprehensive income RM
Company			
Other financial liabilities			
Loans and borrowings	309,556	309,556	-
Trade and other payables	20,178,500	20,178,500	-
	20,488,056	20,488,056	-

		MFRS 9 measurement category	
FRS 139 measurement category	RM	Amortised cost RM	Fair value through other comprehensive income RM
1 January 2017			
Financial liabilities			
Group			
Other financial liabilities			
Loans and borrowings	58,110,623	58,110,623	-
Trade and other payables (exclude GST payables)	15,441,391	15,441,391	-
	73,552,014	73,552,014	-
Company			
Other financial liabilities			
Loans and borrowings	407,783	407,783	-
Trade and other payables	16,378,066	16,378,066	-
	16,785,849	16,785,849	-

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (continued)

(ii) MFRS 9 Financial instruments (continued)

(b) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording expected credit losses on all its trade and other receivables, either on a 12-month or lifetime basis. Based on the assessment, the Group and the Company do not recognise additional impairment losses on its trade and other receivables at the date of initial application arising from application of simplified approach and general approach respectively to reconcile the lifetime expected credit losses.

Other than as disclosed above, the adoption of MFRS 9 did not have any material impact on the financial statements at the date of initial application.

The effect of adopting MFRS 9 as at 31 December 2017 and 1 January 2017 was as follows:

		Group and Company	
	Note	At 31 December 2017 RM	At 1 January 2017 RM
Total adjustment on asset:			
Other investment	2.2(a)(i)	2,714,459	2,767,928
Total adjustment on equity:			
Accumulated losses	2.2(a)(i)	(24,815)	(34,358)
Fair value reserve of financial assets at FVOCI	2.2(a)(i)	2,739,274	2,802,286
		2,714,459	2,767,928

(iii) Exemption for Business Combinations

MFRS 1 provides the option to apply MFRS 3 Business Combinations prospectively from the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition. For the acquisition before date of transition, i.e. 1 January 2017, the Group has elected to apply MFRS 3 prospectively from the date of transition. In addition, the Group has also applied the exemption for MFRS 10 Consolidated Financial Statements, acquisitions of investments in associates, interests in joint ventures and interests in joint operations in which the activity of the joint operation constitutes a business, as defined in MFRS 3.

(b) Change in accounting policy

The change in accounting policy has been applied retrospectively on 1 January 2017, which is the date of transition to MFRSs. The effect of the change in accounting policy has been recognised directly in retained earnings and disclosed together with the effect of the transition to MFRSs in Note (c) below.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(c) (i) Statements of financial position

Group	Note	As previously reported RM	Adjustments RM	As restated RM
At 1 January 2017				
Other investment	2.2(a)(ii)	494,268	2,767,928	3,262,196
Property development expenditure	2.2(a)(i)	53,262,901	(53,262,901)	-
Inventories:				
- Property under development	2.2(a)(i)	-	53,262,901	53,262,901
Contract assets	2.2(a)(i)	-	877,005	877,005
Accrued billings	2.2(a)(i)	877,005	(877,005)	-
At 31 December 2017				
Other investment	2.2(a)(ii)	484,725	2,714,459	3,199,184
Property development expenditure	2.2(a)(i)	57,490,022	(57,490,022)	-
Inventories:				
- Property under development	2.2(a)(i)	-	57,490,022	57,490,022
Contract assets	2.2(a)(i)	-	36,000	36,000
Accrued billings	2.2(a)(i)	36,000	(36,000)	-
Contract liabilities	2.2(a)(i)	-	(1,409,887)	(1,409,887)
Progress billings	2.2(a)(i)	(1,409,887)	1,409,887	-
Company				
At 1 January 2017				
Other investment	2.2(a)(ii)	494,268	2,767,928	3,262,196
At 31 December 2017				
Other investment	2.2(a)(ii)	484,725	2,714,459	3,199,184

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(c) (ii) Reconciliation of equity

Group	Note	(Date of transition) 1.1.2017 RM	31.12.2017 RM
Equity as previously reported under FRSs, restated		191,311,950	183,358,150
Add:			
Effect of transition to MFRSs			
- Retrospective adjustments	35	(1,300,000)	(1,300,000)
- Fair value loss on equity instrument designated at fair value through other comprehensive income	2.2(a)(ii)	2,767,928	2,714,459
Equity (restated)		192,779,878	184,772,609
Company			
Equity as previously reported under FRSs		181,850,001	177,958,450
Add:			
Effect of transition to MFRSs			
- Fair value loss on equity instrument designated at fair value through other comprehensive income	2.2(a)(ii)	2,767,928	2,714,459
Equity (restated)		184,617,929	180,672,909

(iii) Reconciliation of total comprehensive income

Group	Note	31.12.2017 RM
Total comprehensive loss as reported under FRSs		(7,953,800)
(Less)/add:		
Effect of transition to MFRSs		
- Fair value loss on equity instrument designated at fair value through other comprehensive income	2.2(a)(ii)	(63,012)
- Unrealised foreign exchange loss	2.2(a)(ii)	9,543
		53,469)
Total comprehensive loss (restated)		(8,007,269)
Company		
Total comprehensive loss as reported under FRSs		(3,891,551)
(Less)/add:		
Effect of transition to MFRSs		
- Fair value loss on equity instrument designated at fair value through other comprehensive income	2.2(a)(ii)	(63,012)
- Unrealised foreign exchange loss	2.2(a)(ii)	9,543
		(53,469)
Total comprehensive loss (restated)		(3,945,020)

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(c) (iv) Reconciliation of statements of cash flows

There is no difference between the restated statements of cash flows presented under MFRS and the statements of cash flows presented under the FRSs.

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

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

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*/ 1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	January 2020*
MFRS 7	Financial Instruments: Disclosure	1 January 2021#
MFRS 9	Financial Instrument	1 January 2019/ 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*/ 1 January 2021#
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019/ 1 January 2021#
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred/ 1 January 2021#
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

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

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

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (Continued)		
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*/ 1 January 2021#
MFRS 138	Intangible Assets	1 January 2020*/ 1 January 2021#
MFRS 140	Investment Property	1 January 2021#
New IC Int		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

* *Amendments to References to the Conceptual Framework in MFRS Standards*
# *Amendments as to the consequence of effective of MFRS 17 Insurance Contract*

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments /improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

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.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises and equipment on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plans to adopt this standard when it becomes effective in the financial year beginning 1 January 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

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

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The Amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

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

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

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

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

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

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a *revised Conceptual Framework for Financial Reporting* and Amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The Amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

The amendments to the sixteen Standards are a consequence of MFRS 17 with an effective date on or after 1 January 2021, which include MFRS 1, MFRS 3, MFRS 5, MFRS 7, MFRS 9, MFRS 15, MFRS 101, MFRS 107, MFRS 116, MFRS 119, MFRS 128, MFRS 132, MFRS 136, MFRS 137, MFRS 138 and MFRS 140.

2.3.2 The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int.

2.4 IFRS Interpretations Committee ("IFRIC")'s Agenda Decision on IAS 23 Borrowing Costs ("Agenda Decision")

In March 2019, the IFRIC has concluded that inventory (work-in-progress) for unsold units under construction are not qualifying assets.

The Malaysian Accounting Standards Board ("MASB") announced that non-private entities in the real estate industry might need to change their accounting policy as a result of the IFRIC Agenda Decision. In ensuring consistent application of the MFRS, which are word-for-word the IFRS Standards, the MASB decided that an entity shall apply the change in accounting policy as a result of the Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020 ("Mandatory Date").

The Group and the Company plan to adopt the change in accounting policy on borrowing costs once the impact is quantified. The Group and the Company are currently still in the midst of assessing the financial impact of the application.

2.5 Functional and presentation currency

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

2.6 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

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

2.7 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting 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 that are significant to the Group's and the Company's financial statements are disclosed in Note 4.

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

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries and associates used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:
- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(a) Subsidiaries and business combination (continued)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Associates

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

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

Under the equity method, the investment 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 a 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(b) Associates (continued)

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

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.14(b).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

(a) Revenue from hotel operations

The Group measures revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Revenue and other income (Continued)

(a) Revenue from hotel operations (continued)

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

(b) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

(c) Revenue from property development

The Group develops and sell residential and commercial properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. In the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

Revenue from commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred at a point in time as the Group's performance does not create an asset with an alternative use to the Group but the Group and does not have an enforceable right to payment for performance completed to date. Revenue is recognised at a point in time when the legal title has passed to the customer.

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and include deposits or advances received from customers exceeds revenue recognised to date then the Group recognises a contract liability for the difference.

Consistent with market practice, the Group collects deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group has obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Revenue and other income (Continued)

(d) Other Income

- Administrative charges receivable is recognised on an accrual basis.
- Interest income is recognised using the effective interest method.

(e) Management Fee

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

3.4 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.

(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.

3.5 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 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.

(a) 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.

(b) Deferred tax

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, 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 3.10, 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Income tax (Continued)

(b) Deferred tax (continued)

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.

3.7 Property, plant and equipment

(a) Recognition and measurement

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 3.14(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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.

(b) Subsequent costs

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.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives:

Building	2%
Plant and machinery	5%
Motor vehicles	10% to 25%
Furniture, fittings and renovations	5% to 20%
Computers and office equipment	10% to 33%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

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 recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Prepaid land lease payments

Any upfront lease payments under operating lease that are classified as prepaid land lease payments are initially measured at cost. Following initial recognition, prepaid land lease payments are measured at cost less accumulated amortisation and accumulated impairment losses. The prepaid land lease payments are amortised over their lease terms.

3.9 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) ***Lessee accounting***

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(b) ***Lessor accounting***

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 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.

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.

3.11 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 estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Property under development

Cost includes:
- leasehold rights for land
- amounts paid to contractors for construction
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

3.12 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(a).

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 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 contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

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; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

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

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost
- Financial assets designated at fair value through other comprehensive income with no recycling of • cumulative gains and losses upon derecognition

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The measurement category into which the Group and the Company classify their debt instruments are as follows:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Financial instruments (Continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows: (continued)

(i) Financial assets (continued)

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrumentby-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

Financial liabilities at amortised cost

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

(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 a 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 assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Financial instruments (Continued)

(c) Regular way purchase or sale of financial assets (continued)

Trade date accounting refers to: (continued)

(ii) 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.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) 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 expired. 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 net 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.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Impairment of assets

(a) Impairment and uncollectibility of financial assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Impairment of assets (Continued)

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

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, 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 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").

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Impairment of assets (Continued)

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

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.

3.15 Provisions

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.

3.16 Equity instruments

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.

3.17 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 presented net of bank overdrafts.

3.18 Operating segment

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

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Fair value measurements

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

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

When measuring the fair value of an asset or a liability, the Group and the Company 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.

3.20 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.

3.21 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 carry their investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group 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.

(b) Property development revenue and expenses

The Group recognised property development revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation 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.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and expenses, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of property development costs and contract assets/contract liabilities are disclosed in Notes 17 and 29.

5. REVENUE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Point in time:				
Rental income from:				
- hotel operations	6,975,727	8,666,430	-	-
- property investment	3,775,768	4,546,023	-	-
Other income from hotel operations	6,009,037	7,045,090	-	-
Sales of completed properties/ (Reversal of sales)	1,844,000	(1,461,392)	-	-
Management fees	-	-	461,372	466,069
Property development revenue	2,700,000	(1,054,400)	-	-
	21,304,532	17,741,751	461,372	466,069

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENTAL INFORMATION

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

(a) General information

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

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

(b) Measurement of reportable segments

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

Inter-segment pricing is determined on negotiated basis.

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

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

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

(c) Geographical Information

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

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENTAL INFORMATION (CONTINUED)

The segmental information of the Group are as follows:

Group 2018	**Note**	**Investment holding RM**	**Leasing and financing RM**	**Hospitality RM**	**Investment properties RM**	**Property development RM**	**Others RM**	**Adjustments and elimination RM**	**Total RM**
Revenue :									
Revenue from external customers		-	-	12,929,976	3,830,556	4,544,000	-	-	21,304,532
Inter-segment revenue	(a)	461,372	-	54,788	37,737	-	-	(553,897)	-
		461,372	-	12,984,764	3,868,293	4,544,000	-	(553,897)	21,304,532
Results:									
Included in the measure of segment profit/(loss) are:									
Finance income		-	-	-	5,853	86,456	-	-	92,309
Gain on disposal of									
- prepaid land lease payments		-	-	-	-	1,559,976	-	-	1,559,976
- property, plant and equipment		10,033	-	-	-	-	-	-	10,033
Realised gain on foreign exchange		-	-	20,942	-	-	-	-	20,942
Reversal of impairment losses:									
- amounts owing by subsidiaries		1,467,924	-	-	-	-	-	(1,467,924)	-
- trade receivables		-	-	21,118	50,731	-	-	-	71,849
Reversal of provision for liquidated ascertain damages		-	-	-	-	79,748	-	-	79,748

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENTAL INFORMATION (CONTINUED)

Group 2018	Note	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Adjustments and elimination RM	Total RM
Amortisation of prepaid land lease payments		-	-	-	-	(9,320)	-	-	(9,320)
Deposits written off		-	-	-	-	(44,716)	-	-	(44,716)
Depreciation of property, plant and equipment		(159,304)	-	(3,822,240)	(271,069)	(1,651)	-	-	(4,254,264)
Finance costs		(1,596,455)	-	-	(289,086)	(100,729)	-	-	(1,986,270)
Impairment losses on:									
- amounts owing by subsidiaries		(33,461)	-	-	-	-	-	33,461	-
- investment in subidiaries		(5,702)	-	-	-	-	-	5,702	-
- trade receivables		-	-	(83,631)	-	(102,279)	-	-	(185,910)
- other receivables		-	-	-	-	(25,371)	-	-	(25,371)
Inventories written off		-	-	(133,453)	-	-	-	-	(133,453)
Plant and equipment equipments written off		(899)	-	-	-	-	-	-	(899)
Rental of:									
- office premises		(77,558)	-	-	-	(6,400)	-	-	(83,958)
Unallocated corporate expenses		(3,628,877)	(13,241)	(13,682,002)	(3,187,056)	(4,421,849)	(12,004)	553,897	(24,391,132)
Segment (loss)/profit		(3,562,927)	(13,241)	(4,694,502)	177,666	1,557,864	(12,004)	(1,428,761)	(7,975,905)

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENTAL INFORMATION (CONTINUED)

Group 2018	**Note**	**Investment holding RM**	**Leasing and financing RM**	**Hospitality RM**	**Investment properties RM**	**Property development RM**	**Others RM**	**Adjustments and elimination RM**	**Total RM**
Income tax credit		-	-	818,016	-	(1,215)	-	-	816,801
(Loss)/Profit for the financial year		(3,562,927)	(13,241)	(3,876,486)	177,666	1,556,649	(12,004)	(1,428,761)	(7,159,104)
Assets:									
Additions to non-current assets		21,138	-	1,251,484	-	-	-	-	1 ,272,622
Segment assets		199,725,143	11,749	110,852,684	105,261,249	76,560,716	33,187	(212,979,657)	279,465,071
Liabilities:									
Segment liabilities		24,259,194	15,119,830	4,160,510	66,082,746	45,284,029	48,680	(61,940,818)	93,014,171
2017									
Revenue:									
Revenue from external customers		-	-	15,711,520	4,546,023	(2,515,792)	-	-	17,741,751
Inter-segment revenue	(a)	466,069	-	61,383	49,573	-	-	(577,025)	-
		466,069	-	15,772,903	4,595,596	(2,515,792)	-	(577,025)	17,741,751
Results:									
Included in the measure of segment profit/(loss) are:									
Finance income		-	-	-	8,709	83,649	-	-	92,358
Reversal of impairment losses									
- amounts owing by subsidiaries		387,903	-	-	-	-	-	(387,903)	-
- financing receivables		-	81,762	-	-	-	-	-	81,762
- trade receivables		-	-	50,768	1,171,740	-	-	-	1,222,508
Reversal of provision for liquidated ascertain damages		-	-	-	-	1,096,203	-	-	1,096,203
Write-back of payables		-	-	-	370,824	-	-	-	370,824

NOTES TO THE FINANCIAL STATEMENTS

6. **SEGMENTAL INFORMATION (CONTINUED)**

Group 2017	Note	Investment holding RM	Leasing and financing RM	Hospitality RM	Investment properties RM	Property development RM	Others RM	Adjustments and elimination RM	Total RM
Amortisation of prepaid land lease payments		-	-	-	-	(11,184)	-	-	(11,184)
Deposits written off		-	-	-	(156,623)	-	-	-	(156,623)
Depreciation of property, plant and equipment		(167,940)	-	(3,659,990)	(271,125)	(2,140)	-	-	(4,101,195)
Deregistration of a subsidiary		-	(2)	-	-	-	-	-	(2)
Impairment losses on:									
- amounts owing by subsidiaries		(20,380)	-	-	-	-	-	20,380	-
- investment in subidiaries		(5,727)	-	-	-	-	-	5,727	-
- trade receivables		-	-	-	(1,016,552)	-	-	-	(1,016,552)
Finance costs		(1,568,177)	-	-	(304,095)	(92,430)	-	-	(1,964,702)
Fair value loss on investment properties		-	-	-	(2,338,000)	-	-	-	(2,338,000)
Loss on transfer of management corporation		-	-	-	(481,988)	-	-	-	(481,988)
Other receivables written off		-	-	-	(45,265)	-	-	-	(45,265)
Provision for liabilities		-	-	(410,259)	-	-	-	-	(410,259)
Rental of:									
- office premises		(65,826)	-	-	-	-	-	-	(65,826)
Royalty fees expenses		-	-	(273,506)	-	-	-	-	(273,506)
Unallocated corporate expenses		(2,921,336)	(11,156)	(15,530,227)	(3,769,059)	3,726,247	(17,889)	577,025	(17,946,395)
Segment (loss)/profit		(3,895,414)	70,604	(4,064,319)	(2,235,838)	2,284,553	(17,889)	(361,796)	(8,220,099)
2017									
Income tax credit		-	-	275,842	-	-	-	-	275,842
(Loss)/Profit for the financial year		(3,895,414)	70,604	(3,788,477)	(2,235,836)	2,284,553	(17,889)	(361,796)	(7,944,257)
Assets:									
Additions to non-current assets		4,502	-	250,120	2,750	-	-	-	257,372
Segment assets		201,208,344	13,796	112,516,592	108,229,715	72,340,841	39,235	(215,720,483	278,628,040
Liabilities:									
Segment liabilities		20,544,686	15,108,637	2,072,176	69,385,338	41,400,285	42,724	(65,699,506)	82,854,340

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENTAL INFORMATION (CONTINUED)

Reconciliation of reportable segment revenue is as follow:

(a) Inter-segment revenue

Inter-segment revenues are eliminated on consolidation.

(b) Reconciliation of assets

	Group 2018 RM	Group 2017 RM
Tax assets	1,033,854	1,300,720
Segment assets	279,465,071	278,628,040
	280,498,925	279,928,760

(c) Reconciliation of liabilities

	Group 2018 RM	Group 2017 RM
Deferred tax liabilities	11,506,031	12,301,811
Segment liabilities	93,014,171	82,854,340
	104,520,202	95,156,151

7. FINANCE COSTS, NET OF FINANCE INCOME

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Finance income:				
- Housing development account	4,932	4,147	-	-
- Deposits placed with licensed banks	86,456	83,649	-	-
- Overdue interests	921	4,562	-	-
	92,309	92,358	-	-
Finance costs:				
- Term loans	(1,583,878)	(1,528,259)	-	-
- Bank overdrafts	(289,086)	(326,248)	-	-
- Hire purchase payables	(12,577)	(17,765)	(12,577)	(17,765)
- Trade payable	(100,729)	(92,430)	-	-
- Amount owing to a subsidiary	-	-	(1,583,878)	(1,550,412)
	(1,986,270)	(1,964,702)	(1,596,455)	(1,568,177)
	(1,893,961)	(1,872,344)	(1,596,455)	(1,568,177)

NOTES TO THE FINANCIAL STATEMENTS

8. LOSS BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been (charged)/credited in arriving at loss before tax:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
After crediting:				
Gain on disposal of:				
- prepaid land lease payments	1,559,976	-	-	-
- property, plant and equipment	10,033	-	10,033	-
Realised gain on foreign exchange	20,942	-	-	-
Reversal of impairment loss:				
- amount owing by subsidiaries	-	-	1,467,924	387,903
- financing receivables	-	81,762	-	-
- trade receivables	71,849	1,222,508	-	-
Reversal of provision for liquidated ascertained damages	79,748	1,096,203	-	-
Write-back of payables	-	370,824	-	-
and charging:				
Amortisation of prepaid land lease payments	(9,320)	(11,184)	-	-
Auditor's remuneration:				
- Statutory audit				
- current year	(164,000)	(132,800)	(89,800)	(60,000)
- prior year	(16,200)	-	(4,800)	-
- Non-statutory audit	(61,000)	(56,000)	(61,000)	(56,000)
Deposits written off	(44,716)	(156,623)	-	-
Depreciation of property, plant and equipment	(4,254,264)	(4,101,195)	(159,304)	(167,940)
Deregistration of a subsidiary	-	(2)	-	-
Employee benefits expense (Note a)	(8,280,392)	(7,990,048)	(2,140,765)	(1,896,386)
Impairment losses on:				
- amount owing by subsidiaries	-	-	(33,461)	(20,380)
- investment in subsidiaries	-	-	(5,702)	(5,727)
- trade receivables	(185,910)	(1,016,552)	-	-
- other receivables	(25,371)	-	-	-
Inventories written off	(133,453)	-	-	-
Fair value loss on investment properties	-	(2,338,000)	-	-
Loss on transfer of management corporation	-	(481,988)	-	-
Other receivables written off	-	(45,265)	-	-
Property, plant and equipment written off	(899)	-	(899)	-
Provision for liabilities	-	(410,259)	-	-
Realised loss on foreign exchange	-	(14,008)	-	-
Rental of office premises	(83,958)	(65,826)	(77,558)	(65,826)
Royalty fees expenses	-	(273,506)	-	-

NOTES TO THE FINANCIAL STATEMENTS

8. LOSS BEFORE TAX (CONTINUED)

(a) Employee benefits expense

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Wages and salaries	5,835,443	5,864,941	756,560	672,081
Defined contribution plan	708,163	650,343	91,137	81,287
Social security contribution	90,555	79,888	7,499	6,429
Other staff related costs	395,554	284,129	34,892	25,842
	7,029,715	6,879,301	890,088	785,639
Included in employee benefits expenses are:				
Directors' fees	360,000	356,000	360,000	356,000
Directors' other emolument	890,677	754,747	890,677	754,747
	1,250,677	1,110,747	1,250,677	1,110,747
Total	8,280,392	7,990,048	2,140,765	1,896,386

9. INCOME TAX CREDIT

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current income tax				
- current year	-	(22,236)	-	-
- over/(under) accrual in prior years	21,021	(10,761)	-	-
	21,021	(32,997)	-	-
Deferred tax liabilities: (Note 26)				
- current year	700,944	283,119	-	-
- over/(under) accrual in prior years	94,836	25,720	-	-
	795,780	308,839	-	-
	816,801	275,842	-	-

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX CREDIT (CONTINUED)

A reconciliations of income tax credit applicable to loss before tax at the statutory income tax rate to income tax credit at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Loss before tax	(7,975,905)	(8,220,099)	(3,547,127)	(3,882,008)
Taxation at applicable statutory tax rate of 24% (2017: 24%)	1,914,217	1,972,824	851,310	931,682
Tax effects arising from:				
- non-deductible expenses	(1,055,223)	(1,750,765)	(706,466)	(574,507)
- non-taxable income	399,606	178,481	352,302	93,097
- deferred tax assets not recognised during the financial year	(557,656)	(139,657)	(497,146)	(450,272)
- over/(under) accrual in prior years				
- current income tax	21,021	(10,761)	-	-
- deferred tax	94,836	25,720	-	-
Tax credit for the financial year	816,801	275,842	-	-

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deductible temporary differences	19,475,529	19,516,870	613,119	575,681
Unutilised tax losses	202,701,434	200,337,211	33,535,440	31,501,435
Unutilised capital allowances	682	-	-	-
Net deferred tax assets	222,177,645	219,854,081	34,148,559	32,077,116
Potential deferred tax assets not recognised at 24% (2017: 24%)	53,322,635	52,764,979	8,195,654	7,698,508

NOTES TO THE FINANCIAL STATEMENTS

10. LOSS PER SHARE

Basic loss per ordinary share

Basic loss per share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares during the financial year, calculated as follows:

	Group	
	2018 RM	2017 RM
Loss attributable to owners of the Company		
Loss for the financial year	(7,159,104)	(7,944,257)
Weighted average number of ordinary shares in issue	245,667,975	245,667,975
Basic loss per ordinary share (sen)	(2.91)	(3.23)

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

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT

Group 2018 Cost / Valuation	Freehold Land RM	Building RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and renovations RM	Computers and office equipment RM	Total RM
At 1 January 2018							
- At cost	-	-	3,335,598	1,976,906	5,221,812	722,029	11,256,345
- At valuation	4,441,261	116,558,739	-	-	-	-	121,000,000
	4,441,261	116,558,739	3,335,598	1,976,906	5,221,812	722,029	132,256,345
Additions	-	-	-	-	244,339	1,028,283	1,272,622
Disposals	-	-	-	-	(41,733)	-	(41,733)
Written off	-	-	-	-	(422,169)	(296,363)	(718,532)
At 31 December 2018	4,441,261	116,558,739	3,335,598	1,976,906	5,002,249	1,453,949	132,768,702
Accumulated Depreciation							
At 1 January 2018	-	12,269,340	2,404,243	1,581,771	3,602,147	451,046	20,308,547
Depreciation change for the financial year	-	3,067,335	191,370	136,842	697,328	161,389	4,254,264
Disposals	-	-	-	-	(41,456)	-	(41,456)
Written off	-	-	-	-	(421,276)	(296,357)	(717,633)
At 31 December 2018	-	15,336,675	2,595,613	1,718,613	3,836,743	316,078	23,803,722

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2017 Cost / Valuation	Freehold Land RM	Building RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and renovations RM	Computers and office equipment RM	Total RM
At 1 January 2017							
- At cost	-	-	3,343,942	1,976,906	5,150,794	579,777	11,051,419
- At valuation	4,441,261	116,558,739	-	-	-	-	121,000,000
	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

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group Cost / Valuation	Freehold Land RM	Building RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and renovations RM	Computers and office equipment RM	Total RM
Carrying Amount							
At 1 January 2017							
- At cost	-	-	1,079,378	531,977	2,224,795	185,058	4,021,208
- At valuation	4,441,261	107,356,734	-	-	-	-	111,797,995
	4,441,261	107,356,734	1,079,378	531,977	2,224,795	185,058	115,819,203
At 31 December 2017							
- At cost	-	-	931,355	395,135	1,619,665	270,983	3,217,138
- At valuation	4,441,261	104,289,399	-	-	-	-	108,730,660
	4,441,261	104,289,399	931,355	395,135	1,619,665	270,983	111,947,798
At 31 December 2018					-		
- At cost	-	-	739,985	258,293	1,165,506	1,137,871	3,301,655
- At valuation	4,441,261	101,222,064	-	-	-	-	105,663,325
	4,441,261	101,222,064	739,985	258,293	1,165,506	1,137,871	108,964,980

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
2018				
Cost				
At 1 January 2018	1,668,479	155,633	138,850	1,962,962
Additions	-	-	21,138	21,138
Disposals	-	(41,733)	-	(41,733)
Written off	-	(105,079)	(91,147)	(196,226)
At 31 December 2018	1,668,479	8,821	68,841	1,746,141
Accumulated Depreciation				
At 1 January 2018	1,273,320	139,464	126,434	1,539,218
Depreciation charge for the financial year	136,842	14,999	7,463	159,304
Disposals	-	(41,456)	-	(41,456)
Written off	-	(104,186)	(91,141)	(195,327)
At 31 December 2018	1,410,162	8,821	42,756	1,461,739
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
Carrying Amount				
At 1 January 2017	532,001	41,733	13,448	587,182
At 31 December 2017	395,159	16,169	12,416	423,744
At 31 December 2018	258,317	-	26,085	284,402

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Hotel land and building

The hotel land and building was carried at revalued amounts of RM121,000,000 as at 31 December 2018, 31 December 2017 and 1 January 2017.

Fair value information

The carrying amount of hotel land and building carried at valuation are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.12.2018				
Group				
Hotel land and building	-	105,663,325	-	105,663,325
31.12.2017				
Group				
Hotel land and building	-	108,730,660	-	108,730,660
1.1.2017				
Group				
Hotel land and building	-	111,797,995	-	111,797,995

The fair value of hotel and building was determined by external and independent property valuers, with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The hotel and building (at valuation) of the Group are for own use.

Transfer between levels of fair value hierarchy

There are no transfers between levels of fair values hierarchy during the financial year ended 31 December 2018, 31 December 2017 and 1 January 2017.

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 finance leases

Included in property, plant and equipment of the Group and of the Company are motor vehicles with the net carrying amount of RM258,317 (31.12.2017: RM395,159; 1.1.2017: RM532,001) as at the end of the reporting period, which are acquired under finance lease arrangements.

(c) Assets pledged as security

The hotel land and building with a carrying amount of RM105,663,325 (31.12.2017: RM108,730,660; 1.1.2017: RM111,797,995) have been pledged as securities for credit facilities granted to a subsidiary as disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENT PROPERTIES

	Group		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Shopping complex, at fair value			
At beginning of the financial year	85,112,000	87,450,000	87,450,000
Fair value loss during the financial year	-	(2,338,000)	-
At end of the financial year	85,112,000	85,112,000	87,450,000

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	
	2018 RM	2017 RM
Rental income	3,519,758	3,937,322
Direct operating expenses	(1,295,338)	(1,169,641)

Fair value information

Fair value of investment properties are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.12.2018				
Group				
Shopping complex	-	85,112,000	-	85,112,000
31.12.2017				
Group				
Shopping complex	-	85,112,000	-	85,112,000
1.1.2017				
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.

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 2018, 31 December 2017 and 1 January 2017.

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.

Valuation process applied by the Group and the Company

The fair value of investment properties is determined by an external independent property valuer, C H Williams Talhar & Wong Sdn. Bhd., a member of the Institute of Valuers in Malaysia, with appropriate recognised professional qualifications and experience in the location and category of property being valued. The valuation company provides the fair value of the Group's and the Company's investment property portfolio yearly. Changes in Level 2 fair values are analysed by the Group yearly after obtaining the valuation report from the valuation company. There has been no change to the valuation technique during the financial year.

13. PREPAID LAND LEASE PAYMENTS

Prepaid land lease payments relate to the lease of land for the Group's office premise in Kuala Lumpur. These leases will expire in 2085 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. During the financial year, the Group has disposed of the prepaid land lease payments.

	Group		
	31.12.2018	**31.12.2017 (Restated)**	**1.1.2017 (Restated)**
	RM	**RM**	**RM**
At Cost			
At beginning of the financial year	1,000,000	1,000,000	1,000,000
Disposal during the year	(1,000,000)	-	-
At beginning/end of the financial year	-	1,000,000	1,000,000
Less:			
Accumulated Amortisation			
At beginning of the financial year	126,296	115,112	103,928
Amortisation for the financial year	9,320	11,184	11,184
Disposal during the year	(135,616)	-	-
At end of the financial year	-	126,296	115,112
Less:			
Accumulated Impairment Loss			
At beginning of the financial year	124,360	124,360	124,360
Disposal during the year	(124,360)	-	-
At end of the financial year	-	124,360	124,360
	-	749,344	760,528

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENT IN SUBSIDIARIES

	Company		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Unquoted shares, at cost	197,753,003	197,753,003	197,753,003
Less: Impairment loss	(261,529)	(255,827)	(250,100)
	197,491,474	197,497,176	197,502,903

The movement in allowance for impairment loss of investment in subsidiaries are as follows:

	Company		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
At beginning of the financial year	(255,827)	(250,100)	(244,506)
Impairment loss for the financial year	(5,702)	(5,727)	(5,594)
At end of the financial year	(261,529)	(255,827)	(250,100)

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

Name of Company	**Effective Equity Interest**			**Principal Activities**
	31.12.2018 %	**31.12.2017 %**	**1.1.2017 %**	
Direct subsidiaries				
Eastern Biscuit Factory Sdn. Bhd.	100	100	100	Property development, investment in properties and hotel operations
FBO Land (Setapak) Sdn. Bhd.	100	100	100	Property development
FBO Properties Sdn. Bhd.	100	100	100	Dormant
Perfect Diamond Capital Sdn. Bhd.	100	100	100	Investment holding
EBF Land Sdn. Bhd.	100	100	100	Investment holding
Indirect subsidiaries				
Subsidiary of Eastern Biscuit Factory Sdn. Bhd.				
FBO Land (Serendah) Sdn. Bhd.	100	100	100	Property investment
Subsidiary of Perfect Diamond Capital Sdn. Bhd.				
Rimaflex Sdn. Bhd.	100	100	100	Money lending
Subsidiary of Rimaflex Sdn. Bhd.				
Rimaflex Nominees (Tempatan) Sdn. Bhd.*	-	-	100	Dormant
Subsidiary of EBF Land Sdn. Bhd.				
Exquisite Properties Sdn. Bhd.	100	100	100	Dormant

* On 28 December 2017, the subsidiary has been struck off under Section 308 (4) of the Companies Act 1965.

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT IN AN ASSOCIATE

	Group			Company		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Unquoted shares, at cost	400,000	400,000	400,000	400,000	400,000	400,000
Less: Share of post-acquisition results	(400,000)	(400,000)	(400,000)	-	-	-
Impairment losses	-	-	-	(400,000)	(400,000)	(400,000)
	-	-	-	-	-	-

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

Name of Company	Effective Equity Interest 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal Activities
P.A. Projects Sdn. Bhd. #	20	20	20	Design, supply, fabricating and installation of aluminium products

Audited by an auditor other than Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019).

The Group's share of accumulated losses in the associate is restricted to the Group's cost of investment in the associate. Accordingly, the Group has excluded its current year's share of loss of the associate amounting to RM64,526 (31.12.2017: RM1,321,448; 1.1.2017: RM693,553) from its financial statements.

As at 31 December 2018, the cumulative unrecognised share of losses of the associate is RM4,080,641 (31.12.2017: RM 3,748,010; 1.1.2017: RM2,426,562).

(a) Summarised financial information of material associate

The following table illustrates the summarised financial information of the Group's material associate:

	Group 2018 RM	2017 RM
Group		
Assets and liabilities		
Current assets	1,752,465	2,271,593
Non-current assets	20,474	35,101
Current liabilities	(21,082,278)	(21,294,039)
Net liabilities	(19,309,339)	(18,987,345)
Results:		
Total comprehensive loss	(322,631)	(6,607,241)

The financial year end of P.A. Projects Sdn. Bhd. is 30 June. For the purpose of applying equity method of accounting, the management financial statements of the P.A. Projects Sdn. Bhd. for the financial year ended 30 June 2018 have been used for equity accounting purpose and appropriate adjustments have been made to account for significant transactions from P.A. Projects Sdn. Bhd.'s financial year ended to 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

16. OTHER INVESTMENT

	31.12.2018	31.12.2017 (Restated)	1.1.2017 (Restated)
	RM	RM	RM
Group and Company			
Financial assets designated at fair value through other comprehensive income ("FVOCI")			
At fair value:			
- Quoted equity securities			
International Equities Corporation Ltd.			
At beginning of the financial year	3,199,184	3,262,196	477,288
Fair value gain/(loss) on equity instruments designated at fair value through other comprehensive income	(1,634,782)	(63,012)	2,784,908
At end of the financial year	1,564,402	3,199,184	3,262,196

The Group and the Company hold non-controlling interests in equity securities designated at fair value through other comprehensive income. These investments were irrevocably designated at fair value through other comprehensive income as the Group and the Company consider these investments as strategic long-term investments and the volatility of market prices of these investments would not affect profit or loss.

17. INVENTORIES

		Group		
		31.12.2018	31.12.2017 (Restated)	1.1.2017 (Restated)
	Note	RM	RM	RM
At lower of cost and net realisable value:				
Current				
Property under development				
- Leasehold land at cost	(a)	3,025,572	3,025,572	3,025,572
- Development costs	(a)	60,547,743	54,464,450	50,237,329
		63,573,315	57,490,022	53,262,901
Completed properties	(b)	11,752,954	13,268,354	10,931,546
Food and beverages	(c)	139,256	226,689	287,288
		75,465,525	70,985,065	64,481,735

NOTES TO THE FINANCIAL STATEMENTS

17. INVENTORIES (CONTINUED)

(a) Property under development

	Group 31.12.2018 RM	31.12.2017 (Restated) RM	1.1.2017 (Restated) RM
At beginning of the financial year:			
Leasehold land	3,025,572	3,025,572	3,194,785
Development costs	54,464,450	50,237,329	51,594,300
	57,490,022	53,262,901	54,789,085
Cost incurred during the financial year:			
Development costs	8,512,908	3,018,718	6,032,962
	8,512,908	3,018,718	6,032,962
Costs recognised in profit or loss:			
Leasehold land	-	-	(101,484)
Development costs	(2,429,615)	1,208,403	(691,258)
	(2,429,615)	1,208,403	(792,742)
Transfer:			
To inventories - completed properties	-	-	(6,766,404)
	63,573,315	57,490,022	53,262,901
At end of the financial year:			
Leasehold land	3,025,572	3,025,572	3,025,572
Development costs	60,547,743	54,464,450	50,237,329
Carrying amounts	63,573,315	57,490,022	53,262,901

During the financial year, the borrowing costs capitalised as property development cost amounting to RM2,858,265 (31.12.2017: RM2,659,300; 1.1.2017: RM2,453,425).

(b) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM1,602,833 (2017: credit balance of RM2,276,209).

(c) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of inventories written down to net realisable value was RM133,453 (2017:RM Nil).

NOTES TO THE FINANCIAL STATEMENTS

18. FINANCING RECEIVABLES – SECURED

	Group 31.12.2018 RM	31.12.2017 (Restated) RM	1.1.2017 (Restated) RM
Financing receivables	16,983,397	16,983,397	17,065,159
Less: Unearned interest	(590,141)	(590,141)	(590,141)
	16,393,256	16,393,256	16,475,018
Less: Impairment losses	(16,393,256)	(16,393,256)	(16,475,018)
	-	-	-

The movement in the impairment losses of financing receivables is as follows:

	Group 31.12.2018 RM	31.12.2017 RM
At beginning of the financial year	(16,393,256)	(16,475,018)
Reversal of impairment losses	-	81,762
At end of the financial year	(16,393,256)	(16,393,256)

19. TRADE AND OTHER RECEIVABLES

Group	**Note**	Group 31.12.2018 RM	31.12.2017 (Restated) RM	1.1.2017 (Restated) RM
Trade receivables	(a)	2,733,393	2,826,542	5,577,512
Less: Impairment losses		(940,857)	(1,116,300)	(1,383,221)
		1,792,536	1,710,242	4,194,291
Other receivables		4,591,749	4,736,158	4,848,672
Less: Impairment losses		(4,572,713)	(4,547,341)	(4,547,341)
		19,036	188,817	301,331
Deposits		423,484	195,489	448,774
Prepayments		120,827	143,203	217,959
GST claimable		63,299	122,138	1,247,927
Total trade and other receivables		2,419,182	2,359,889	6,410,282
Company				
Amount owing by subsidiaries	(b)	46,452,637	47,917,224	48,254,625
Less: Impairment losses		(46,452,637)	(47,917,224)	(48,254,625)
		-	-	-
Deposits		39,320	11,775	11,495
Prepayments		4,927	8,698	9,839
		44,247	20,473	21,334

NOTES TO THE FINANCIAL STATEMENTS

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

The trade credit terms granted to the customers ranging from 7 to 90 days (31.12.2017: 7 to 90 days; 1.1.2017: 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.

The movement in the impairment losses of trade receivables is as follows:

	Group	
	31.12.2018	**31.12.2017**
	RM	**RM**
At beginning of the financial year	(1,116,300)	(1,383,221)
Charge for the financial year		
- Individually assessed	(185,910)	(1,016,552)
Reversal of impairment losses	71,849	1,222,508
Transfer to management corporation	-	60,965
Written off	289,504	-
At end of the financial year	(940,857)	(1,116,300)

(b) Amount owing by subsidiaries

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

20. DEPOSITS PLACED WITH LICENSED BANKS

Group

Included in the deposits placed with licensed banks are deposits pledged to the financial institutions for banking facilities granted to a subsidiary as follow:

(i) An amount of RM1,041,479 (31.12.2017: RM1,009,887; 1.1.2017: RM977,743) which earn interest at rates ranging from 3.15% to 3.40% (31.12.2017: 3.06% to 3.29%; 1.1.2017: 3.15% to 3.40%) per annum.

(ii) An amount of RM2,771,639 (31.12.2017: RM2,044,475; 1.1.2017: RM1,288,000) which comprise monthly sinking fund of RM56,000 in the form of marginal deposits until it reaches RM10,000,000 as disclosed in Note 25(a) and 25(c) respectively.

NOTES TO THE FINANCIAL STATEMENTS

21. CASH AND BANK BALANCES

	Group			Company		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Cash and bank balances	1,886,550	949,704	1,815,979	298,941	20,388	30,163
Cash held under Housing Development Account	239,614	234,694	230,554	-	-	-
	2,126,164	1,184,398	2,046,533	298,941	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.

22. SHARE CAPITAL

	Group and Company			
	31.12.2018		31.12.2017	
	Number of shares Unit	RM	Number of shares Unit	RM
Issued and fully paid up:				
At beginning of the the financial year	245,667,975	123,168,989	245,667,975	122,833,988
Transition to non-par value regime:				
- Share premium	-	-	-	335,001
At end of the financial year	245,667,975	123,168,989	245,667,975	123,168,989

The 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 amount standing to the credit of the share premium account of RM335,001 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. 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. All ordinary shares rank equally with regard to the Company's residual assets.

23. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. Pursuant to Section 618(2) of the Act, the sum of RM335,001 standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital as disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

24. OTHER RESERVES

		Group			Company		
	Note	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Capital reserve	(a)	110,238,037	110,238,037	110,238,037	110,238,037	110,238,037	110,238,037
Revaluation reserve	(b)	524,794	524,794	524,794	-	-	-
Fair value reserve of financial assets at FVOCI	(c)	1,104,492	2,739,274	2,802,286	1,104,492	2,739,274	2,802,286
		111,867,323	113,502,105	113,565,117	111,342,529	112,977,311	113,040,323

(a) Capital reduction reserve

Capital reduction 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 reduction reserve is a non-distributable reserve.

(b) Revaluation reserve

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

(c) Fair value reserve of financial assets at FVOCI

This reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income (FVOCI) until the investments are derecognised or impaired.

The Group and the Company have elected to recognise changes in the fair value of investments in equity securities in other comprehensive income, as explained in Note 16. These changes are accumulated within the fair value reserve of financial assets at FVOCI. The Group and the Company transfer amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

NOTES TO THE FINANCIAL STATEMENTS

25. LOANS AND BORROWINGS

	Note	Group 31.12.2018 RM	Group 31.12.2017 RM	Group 1.1.2017 RM	Company 31.12.2018 RM	Company 31.12.2017 RM	Company 1.1.2017 RM
Current:							
Bank overdrafts	(a)	27,143,637	30,123,014	27,636,964	-	-	-
Finance lease liabilities	(b)	108,602	103,415	98,227	108,602	103,415	98,227
Term loans	(c)	3,272,759	1,734,114	2,913,831	-	-	-
		30,524,998	31,960,543	30,649,022	108,602	103,415	98,227
Non-current:							
Finance lease liabilities	(b)	97,539	206,141	309,556	97,539	206,141	309,556
Term loans	(c)	28,703,191	26,727,762	27,152,045	-	-	-
		28,800,730	26,933,903	27,461,601	97,539	206,141	309,556
Total loans and borrowings:							
Bank overdrafts		27,143,637	30,123,014	27,636,964	-	-	-
Finance lease liabilities		206,141	309,556	407,783	206,141	309,556	407,783
Term loans		31,975,950	28,461,876	30,065,876	-	-	-
		59,325,728	58,894,446	58,110,623	206,141	309,556	407,783

Group and Company

(a) Bank overdrafts

Bank overdrafts 1 and 2 bear profit rate ranging from 7.98% to 8.48% respectively (31.12.2017: 7.60%; 1.1.2017: 7.60%) per annum.

The bank overdrafts of the Group are secured by way of:

(i) First party first legal charge over a subsidiary's property as disclosed in Note 11;
(ii) First party second legal charge over the hotel and building as disclosed in Note 11;
(iii) Monthly sinking fund of RM56,000 in the form of marginal deposit until it reaches RM10,000,000 as disclosed in Note 20; and
(iv) Corporate guarantee of the Company.

Bank overdraft 3 bear interest at rate of 9.80% (31.12.2017: 9.25%; 1.1.2017: 9.25%) per annum.

The bank overdraft of the Group is secured by way of:

(i) Fixed deposits as disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

25. LOANS AND BORROWINGS (CONTINUED)

(b) Finance lease liabilities

	Group and Company		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Future minimum finance lease liabilities			
- not later than one year	115,992	115,992	115,992
- later than one year but not later than five years	100,506	216,498	332,490
	216,498	332,490	448,482
Less: Future finance charges	(10,357)	(22,934)	(40,699)
Present value of minimum lease payments	206,141	309,556	407,783
Represented by			
- current	108,602	103,415	98,227
- non-current	97,539	206,141	309,556
	206,141	309,556	407,783

The finance lease liabilities of the Group and of the Company bear interest at rates ranging from 4.66% to 5.28% (31.12.2017: 4.66% to 5.28%; 1.1.2017: 4.66% to 5.28%) per annum.

(c) Term loans

Term loan 1 and 2 are Islamic term loan which bear profit rate of 7.98% each (31.12.2017: 7.60%; 1.1.2017: 7.60%) per annum. Term loan 1 is repayable by monthly instalments of RM31,428 and term loan 2 is repayable by monthly instalments of RM59,820 and subsequently revised to monthly instalments of RM269,700 and are secured and supported as follows:

(i) First party first legal charge over the hotel and building of a subsidiary as disclosed in Note 11; and
(ii) Corporate guarantee of the Company.

Term loan 3 of a subsidiary of RM17,058,842 (31.12.2017: RM17,659,354; 1.1.2017: RM17,747,732) are Islamic term loan which bears profit rate at 7.98% (31.12.2017: 7.60%; 1.1.2017: 7.60%) per annum. It is repayable by 12 monthly instalments of RM113,900 and subsequently revised to monthly instalments of RM174,410 and are secured as follows:

(i) First party second legal charge over the hotel and building of a subsidiary as disclosed in Note 11;
(ii) Monthly sinking fund of RM56,000 in the form of marginal deposit until it reaches RM10,000,000 as disclosed in Note 20; and
(iii) Corporate guarantee of the Company.

NOTES TO THE FINANCIAL STATEMENTS

26. DEFERRED TAX LIABILITIES

Group	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Deferred tax liabilities	11,506,031	12,301,811	12,610,650

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

	Group 31.12.2018 RM	31.12.2017 RM
At beginning of the financial year	12,301,811	12,610,650
Recognised in profit or loss during the financial year (Note 9)	(795,780)	(308,839)
At end of the financial year	11,506,031	12,301,811

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

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Deferred tax liabilities			
Temporary differences between net carrying amount and corresponding tax written down values in relation to property, plant and equipment	11,506,031	12,301,811	12,610,650

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 2017	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
Add: Reclassification	28,697	-	28,697
Less: Reversal during the financial year	-	(79,748)	(79,748)
Less: Payment made during the financial year	-	(1,452,674)	(1,452,674)
At 31 December 2018	158,447	2,545,868	2,704,315

NOTES TO THE FINANCIAL STATEMENTS

27. PROVISIONS FOR LIABILITIES (CONTINUED)

(a) Provision for furniture, fittings and equipment

The provision 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

	Note	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Group				
Trade payables	(a)	6,476,147	9,652,446	8,550,965
Other payables	(b)	4,984,687	2,982,128	1,450,033
GST payables		-	109,952	999,025
Accrued expenses		1,833,371	2,079,285	3,438,926
Amount owing to directors	(c)	6,580,000	900,000	-
Deposits received		6,302,044	2,381,535	1,726,077
Advances received from potential purchasers		241,390	236,621	275,390
		26,417,639	18,341,967	16,440,416
Company				
Other payables		931,691	76,429	12,369
Accrued expenses		27,540	19,852	49,540
Amount owing to subsidiaries	(d)	16,444,846	19,179,971	16,313,909
Amount owing to directors		6,580,000	900,000	-
Deposits received		2,248	2,248	2,248
		23,986,325	20,178,500	16,378,066

(a) Trade payables

The normal trade credit term granted to the Group ranging from 30 to 60 days (31.12.2017: 30 to 60 days; 1.1.2017: 30 to 60 days).

(b) Other payables

Included in other payables ia an amounts owing a previous director which amounting to RM800,000 (31.12.2017: RM nil; 1.1.2017: RM nil) 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.

NOTES TO THE FINANCIAL STATEMENTS

28. TRADE AND OTHER PAYABLES (CONTINUED)

(c) Amounts owing to directors

Included in amounts owing to directors is an amount of RM100,000 (31.12.2017: RM900,000, 1.1.2017: RM nil) which 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.

Included in amounts owing to directors is an amount of RM6,480,000 (31.12.2017: RM nil; 1.1.2017: RM nil) which are non-trade in nature, unsecured, interest free and repayable upon demand.

(d) Amounts owing to subsidiaries

Amounts owing to subsidiaries is non-trade in nature, unsecured, bear interest at 7.98% (31.12.2017: 7.60%; 1.1.2017: 7.60%) per annum.

29. CONTRACT ASSETS/(LIABILITIES)

	Group 31.12.2018 RM	31.12.2017 (Restated) RM	1.1.2017 (Restated) RM
Contract assets relating to property development contracts	-	36,000	877,005
Contract liabilities relating to property development contracts	4,566,489	1,409,887	-

(a) Significant changes in contract balances

	31.12.2018 Contract assets increase/ (decrease) RM	31.12.2018 Contract liabilities (increase)/ decrease RM	31.12.2017 Contract assets increase/ (decrease) RM	31.12.2017 Contract liabilities (increase)/ decrease RM
Group				
Revenue recognised that was included in contract liability at the beginning of the financial year	-	498,000	-	-
Increases due to cash received, excluding amounts recognised as revenue during the period	-	(3,654,602)	-	(1,409,887)
Transfers from contract assets recognised at the beginning of the period to receivables	-	-	(841,005)	-
Reversal from contract assets recognised at the beginning of the period to profit and loss	(36,000)	-	-	-
	(36,000)	(3,156,602)	(841,005)	(1,409,887)

Contract liabilities have increased as the Group received considerations from customers during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

29. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(b) Revenue recognised in relation to contract balances

	Group	
	31.12.2018	**31.12.2017**
	RM	**RM**
Revenue recognised that was included in contract liability at the beginning of the financial year	498,000	-

30. 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;
(iii) Associate as disclosed in Note 15;
(iv) 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	
	2018	**2017**
	RM	**RM**
Management fee		
Subsidiaries	461,372	466,069

(c) Key management personnel compensation

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Executive Directors				
Salaries and allowances	762,462	648,000	762,462	648,000
Other emoluments	94,615	80,247	94,615	80,247
	857,077	728,247	857,077	728,247
Non-Executive Directors				
Allowances	33,600	26,500	33,600	26,500
Fees	360,000	356,000	360,000	356,000
Total directors' remuneration	1,250,677	1,110,747	1,250,677	1,110,747

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTIES (CONTINUED)

(c) Key management personnel compensation (Continued)

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Key management personnel				
- Salaries and allowances	580,903	528,000	400,903	348,000
- Defined contribution	63,260	57,420	48,140	41,760
- SOCSO contribution	3,807	3,079	2,291	1,657
	647,970	588,499	451,334	391,417

The estimated monetary value of directors' and key management personnel benefit-in-kind is RM42,000 and RM9,900 respectively (2017: RM42,000 and RM9,900 respectively).

31. 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) Amortised cost
(ii) Fair value through other comprehensive income ("FVOCI")

	Carrying amount RM	**Amortised cost RM**	**FVOCI RM**
At 31 December 2018			
Financial assets			
Group			
Other investment	1,564,402	-	1,564,402
Trade and other receivables (exclude prepayments and GST claimable)	2,235,056	2,235,056	-
Deposits placed with licensed banks	3,812,818	3,812,818	-
Cash and bank balances	2,126,164	2,126,164	-
	9,738,440	8,174,038	1,564,402

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

	Carrying amount RM	Amortised cost RM	FVOCI RM
At 31 December 2018			
Financial assets			
Company			
Other investment	1,564,402	-	1,564,402
Trade and other receivables (exclude prepayments and GST claimable)	39,320	39,320	-
Cash and bank balances	298,941	298,941	-
	1,902,663	338,261	1,564,402
Financial liabilities			
Group			
Trade and other payables (exclude GST payables)	26,417,639	26,417,639	-
Loans and borrowings	59,325,728	59,325,728	-
	85,743,367	85,743,367	-
Company			
Trade and other payables	23,986,325	23,986,325	-
Loans and borrowings	206,141	206,141	-
	24,192,466	24,192,466	-

	Carrying amount RM	Amortised cost RM	FVOCI RM
At 31 December 2017			
Financial assets			
Group			
Other investment	3,199,184	-	3,199,184
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	-
	9,532,492	6,333,308	3,199,184

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

	Carrying amount RM	Amortised cost RM	FVOCI RM
At 31 December 2017			
Company			
Other investment	3,199,184	-	3,199,184
Trade and other receivables (exclude prepayments and GST claimable)	11,775	11,775	-
Cash and bank balances	20,388	20,388	-
	3,231,347	32,163	3,199,184
Financial liabilities			
Group			
Trade and other payables (exclude GST payables)	18,232,015	18,232,015	-
Loans and borrowings	58,894,446	58,894,446	-
	77,126,461	77,126,461	-
Company			
Trade and other payables	20,178,500	20,178,500	-
Loans and borrowings	309,556	309,556	-
	20,488,056	20,488,056	-

	Carrying amount RM	Amortised cost RM	FVOCI RM
At 1 January 2017			
Financial assets			
Group			
Other investment	3,262,196	-	3,262,196
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	-
	12,642,780	9,380,584	3,262,196

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

	Carrying amount RM	Amortised cost RM	FVOCI RM
At 1 January 2017			
Company			
Other investment	3,262,196	-	3,262,196
Trade and other receivables (exclude prepayments and GST claimable)	11,495	11,495	-
Cash and bank balances	30,163	30,163	-
	3,303,854	41,658	3,262,196
Financial liabilities			
Group			
Trade and other payables (exclude GST payables)	15,441,391	15,441,391	-
Loans and borrowings	58,110,623	58,110,623	-
	73,552,014	73,552,014	-
Company			
Trade and other payables	16,378,066	16,378,066	-
Loans and borrowings	407,783	407,783	-
	16,785,849	16,785,849	-

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, interest rate 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 risk 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 risk and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (continued)

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group and the Company apply the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information. However, there is no material impact arising from application of simplified approach to record the lifetime expected credit losses.

Other receivables and other financial assets

For other receivables and other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (continued)

Other receivables and other financial assets (continued)

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.14(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM59,119,587 (31.12.2017: RM58,584,890; 1.1.2017: RM57,702,840) representing the maximum amount the Company could pay if the guarantee is called on. As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantee.

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

(ii) Liquidity risk

(a) Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from differences of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents, bank facilities and source of funds deemed adequate by the directors to ensure, as far as possible, that it will have sufficient liquidity to meet its liability when they fall due.

The Group and the Company had incurred continuous losses for the financial year ended 31 December 2018 amounted to RM7,159,104 and RM3,547,127 respectively (2017: RM7,944,257 and RM3,882,008 respectively) and, as of that date, the Group and the Company had also recorded negative operating cash flows of RM3,944,602 and RM2,390,087 respectively. As at 31 December 2018, the Company's current liabilities exceeding its current assets by RM23,751,739. Meanwhile, the Group's and the Company's short-term loans and borrowings was RM30,524,998 and RM108,602 respectively as at 31 December 2018.

The Group has prepared a cash flow forecast to consider the availability of funds in supporting the management of liquidity risk that the Group will have sufficient financial resources for a period of at least 12 months from the end of the financial year. Significant assumptions and judgements are used in the preparation of the cash flow forecast.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (continued)

(b) Analysis of financial instruments by remaining contractual maturities

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

		Contractual cash flows			
	Carrying amount RM	**Within 1 Year RM**	**1 - 5 Years RM**	**> 5 Years RM**	**Total RM**
At 31 December 2018					
Group					
Financial Liabilities					
Trade and other payables (exclude GST payables)	26,417,639	26,417,639	-	-	26,417,639
Loans and borrowings	59,325,728	32,966,087	22,167,777	19,285,928	74,419,792
Company					
Trade and other payables	23,986,325	23,986,325	-	-	23,986,325
Loans and borrowings	206,141	115,992	100,506	-	216,498
Financial guarantee contract	-	59,119,587	-	-	59,119,587

		Contractual cash flows			
	Carrying amount RM	**Within 1 Year RM**	**1 - 5 Years RM**	**> 5 Years RM**	**Total RM**
At 31 December 2017					
Group					
Financial Liabilities					
Trade and other payables (exclude GST payables)	18,232,015	18,232,015	-	-	18,232,015
Loans and borrowings	58,894,446	34,112,199	18,449,303	19,949,155	72,510,657
Company					
Trade and other payables	20,178,500	96,281	-	-	96,281
Loans and borrowings	309,556	115,992	216,498	-	332,490
Financial guarantee contract	-	58,584,890	-	-	58,584,890

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (continued)

(b) Analysis of financial instruments by remaining contractual maturities (continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows (continued):

	Carrying amount RM	Contractual cash flows Within 1 Year RM	1 - 5 Years RM	> 5 Years RM	Total RM
At 1 January 2017					
Group					
Financial Liabilities					
Trade and other payables (exclude GST payables)	15,441,391	15,441,391	-	-	15,441,391
Loans and borrowings	58,110,623	32,843,389	22,613,122	15,655,644	71,112,155
Company					
Trade and other payables	16,378,066	96,281	-	-	96,281
Loans and borrowings	407,783	115,992	332,490	-	448,482
Financial guarantee contract	-	57,702,840	-	-	57,702,840

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result 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 Group's and the Company's other investments.

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

	Group and Company Functional currencies RM
31 December 2018	
Financial assets and liabilities not held in functional currencies:	
Other investment	
Australian Dollar	1,564,402
31 December 2017	
Other investment	
Australian Dollar	3,199,184

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Foreign currency risk (continued)

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

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

	Change in rate	Effect on loss for the financial year RM	Effect on Equity RM
31 December 2018			
- AUD	10%	-	156,440
	-10%	-	(156,440)
31 December 2017			
- AUD	10%	-	319,918
	-10%	-	(319,918)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in 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 long-term loans and borrowings with floating interest rates. The Group's and the Company's policy to manage their interest rate risk is to hedge all material floating rate borrowings using interest rate swaps.

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 rate	Effect on loss for the financial year RM	Effect on Equity RM
Group			
31 December 2018	+1%	(591,196)	(591,196)
	- 1%	591,196	591,196
31 December 2017	+1%	(585,849)	(585,849)
	- 1%	585,849	585,849

(v) 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 Australian Securities Exchange ("ASX") in Australia.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(v) Market price risk (continued)

Sensitivity analysis for equity price risk

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

	Change in rate	Effect on loss for the financial year RM	Effect on Equity RM
Group			
31 December 2018	+1%	-	156,440
	- 1%	-	(156,440)
31 December 2017	+1%	-	319,918
	- 1%	-	(319,918)

(c) Fair value measurement

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

The carrying amounts of long-term floating rate term loan is reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

There have been no transfers between Level 1 and Level 2 during the financial year (31.12.2017: no transfer in either directions; 1.1.2017: no transfer in either directions).

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

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

	Carrying amount	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Group	RM	RM	RM	RM	RM	RM	RM	RM	RM
31 December 2018									
Financial asset									
Other investment	1,564,402	1,564,402	-	-	1,564,402	-	-	-	-
Financial liabilities									
Finance lease liabilities	206,141	-	-	-	-	-	216,498	-	216,498
31 December 2017									
Financial asset									
Other investment	3,199,184	3,199,184	-	-	3,199,184	-	-	-	-
Financial liabilities									
Finance lease liabilities	309,556	-	-	-	-	-	332,490	-	332,490

31. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

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

	Carrying amount	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Group	RM	RM	RM	RM	RM	RM	RM	RM	RM
1 January 2017									
Financial asset									
Other investment	3,262,196	3,262,196	-	-	3,262,196	-	-	-	-
Financial liabilities									
Finance lease liabilities	407,783	-	-	-	-	-	448,482	-	448,482
Company									
31 December 2018									
Financial asset									
Other investment	1,564,402	1,564,402	-	-	1,564,402	-	-	-	-
Financial liabilities									
Finance lease liabilities	206,141	-	-	-	-	-	216,498	-	216,498

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

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

Company	Carrying amount Total RM	Fair value of financial instruments carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Fair value of financial instruments not carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31 December 2017									
Financial asset									
Other investment	3,199,184	3,199,184	-	-	3,199,184	-	-	-	-
Financial liabilities									
Finance lease liabilities	309,556	-	-	-	-	-	332,490	-	332,490
1 January 2017									
Financial asset									
Other investment	3,262,196	3,262,196	-	-	3,262,196	-	-	-	-
Financial liabilities									
Finance lease liabilities	407,783	-	-	-	-	-	448,482	-	448,482

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

Level 2 fair value

Fair value of financial instruments not carried at fair value

The fair value of bank borrowings and finance lease liabilities are calculated based on the present value of future principal and interest cash flows, discounted at the market interest rate of similar liabilities that do not have a conversion option.

32. CAPITAL MANAGEMENT

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

There were no changes in the Group's and the Company'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 at 31 December 2018, 31 December 2017 and 1 January 2017 are as follows:

		Group	
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Trade and other payables	26,417,639	18,341,967	16,440,416
Loans and borrowings	59,325,728	58,894,446	58,110,623
Total debts	85,743,367	77,236,413	74,551,039
Total equity	175,978,723	184,772,609	192,779,878
Debts-to-equity ratio	49%	42%	39%

		Company	
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Trade and other payables	23,986,325	20,178,500	16,378,066
Loans and borrowings	206,141	309,556	407,783
Total debts	24,192,466	20,488,056	16,785,849
Total equity	175,491,000	180,672,909	184,617,929
Debts-to-equity ratio	14%	11%	9%

NOTES TO THE FINANCIAL STATEMENTS

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 12 March 2018, FBO Land (Setapak) Sdn Bhd ("FBO"), a wholly owned subsidiary of the Company, entered into a supplemental agreement with P.C.K. Properties Sdn Bhd ("PCK") to vary and amend certain terms of the conditional sale and purchase agreement ("SPA") entered on 6 November 2017. With the variations, the period for FBO to fulfil the Conditions Precedent is extended to 4 months and the completion of the acquisition of a parcel of leasehold development land situated at Jalan Pantai , Kota Kinabalu, Sabah measuring approximately 2,181.80 square meters ("Proposed Acquisition") can take place ahead of the completion of the proposed right issued of up to 294,801,570 new ordinary shares in the Company together with up to 147,400,785 free Warrants for every 2 Rights Shares subscribed for, on an entitlement date to be determined and announced later ("Proposed Right Issue with Warrants").

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

(c) On 4 July 2018, FBO wrote to PCK to request an extension of time for a further 6 months from 1 June 2018 to 30 November 2018 for FBO to obtain/fulfil the Conditions Precedent ("Extension Sought") and PCK had agreed to grant FBO the Extension Sought.

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

(a) On 16 January 2019, the Group announced that it is not able to fulfil a representation and warranty in the SPA as the planning approval for the proposed development granted by Dewan Bandaraya Kota Kinabalu has lapsed on 9 January 2019. As there is much uncertainty as to when the extension of the planning approval may be obtained, FBO and PCK had, on 18 January 2019, entered into a deed of mutual termination to terminate the SPA in relation to the Proposed Acquisition.

Further, upon evaluating the current business condition, financial position and working capital requirements of the Company, the amount to be raised from the Proposed Rights Issue with Warrants may not be sufficient to meet the Company's funding requirements. Accordingly, the Company has decided to abort the Proposed Rights Issue with Warrants. As an on-going initiative, the directors of the Company is currently evaluating various proposals for a more holistic corporate exercise to be undertaken to meet the Company's funding requirements and to improve its financial performance.

The Company has submitted a letter to Bursa Securities to request the withdrawal of the listing application in respect of the Proposed Rights Issue with Warrants.

35. RETROSPECTIVE ADJUSTMENTS

The prepaid land lease payments included cost of a piece of land related to a wholly owned subsidiary of the Company, Eastern Biscuit Factory Sdn. Bhd. ("EBF") which has not been charged out to profit or loss as omitted in the previous financial years. The Group has now reflected the effect of the classification of the land cost via retrospective adjustment for the financial year ended 31 December 2017 and the opening statements of financial position as at 1 January 2017.

Group	As previously stated RM	Adjustment RM	As restated RM
31 December 2017			
Statements of financial position			
Prepaid land lease payments	2,049,344	(1,300,000)	749,344
Accumulated losses	(50,573,670)	(1,300,000)	(51,873,670)
1 January 2017			
Statements of financial position			
Prepaid land lease payments	2,060,528	(1,300,000)	760,528
Accumulated losses	(42,619,870)	(1,300,000)	(43,919,870)

STATEMENT BY DIRECTORS

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

We, **LEE CHEE KIANG** 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 35 to 120 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

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

…………………………………………..
LEE CHEE KIANG
Director

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

Kuala Lumpur

Date: 24 April 2019

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 35 to 120 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 24 April 2019.

Before me,

…………………………………………..
MOHD ISA BIN NOORDIN (No.W522)
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 2018 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 35 to 120.

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

Funding requirements and ability to meet short-term obligations (Note 31(b)(ii)(a) to the financial statements)

The Group and the Company had incurred continuous losses for the financial year ended 31 December 2018 amounted to RM7,159,104 and RM3,547,127 respectively (2017: RM7,944,257 and RM3,882,008 respectively) and, as of that date, the Group and the Company had also recorded negative operating cash flows of RM3,944,602 and RM2,390,087 respectively. As at 31 December 2018, the Company's current liabilities exceeding its current assets by RM23,751,739. Meanwhile, the Group's and the Company's short-term loans and borrowings was RM30,524,998 and RM108,602 respectively as at 31 December 2018.

The Group has prepared a cash flow forecast to consider the availability of funds in supporting the management of liquidity risk that the Group will have sufficient financial resources for a period of at least 12 months from the end of the financial year. Significant assumptions and judgements are used in the preparation of the cash flow forecast.

Our response:

Our audit procedures included, among others,
- reviewing the cash flow forecast;
- reviewing the Group's assumptions in the cash flow forecast in relation to key inputs;
- testing the mathematical accuracy of the cash flow forecast calculation; and
- agreeing sources of financing and uses of funds to relevant supporting documents.

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

Key Audit Matters (CONTINUED)

Group

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

The Group has significant balances of investment properties. The Group's policy is to measure investment properties at fair value subsequent to their initial recognition. The Group estimated the fair value of the investment properties based on information provided and the market valuation performed by an external independent valuer. We focused on this area because the estimation of fair value requires significant judgement in determining the appropriate methods and the key assumptions used.

Our response:

Our audit procedures included, among others:
- considering the competence, capabilities and objectivity of the external valuers which includes consideration of their qualifications and experience;
- understanding the scope and objective of the valuation by reading the terms of engagement;
- reading the valuation reports and discussed with external valuers on their valuation approach and the significant judgements they made; and
- Understanding the relevance of the key input data used by the external valuers.

Revenue and corresponding costs recognition for property development activities (Notes 4(b), 5, 17 and 29 to the financial statements)

The amount of revenue and corresponding costs of the Group's property development activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of construction costs incurred for works performed to date bear to the estimated total costs for each project (input method).

We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. The estimated total revenue and costs are affected by a variety of uncertainties that depend of the outcome of future events.

Our response:

Our audit procedures included, among others,
- reading the terms and conditions of sample of agreements with customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards complete satisfaction of performance obligation;
- comparing directors' major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with project manager;
- reviewing the computed progress towards complete satisfaction of performance obligation; and
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year.

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.

Information Other than the Financial Statements and Auditors' Report Thereon (Continued)

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

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.
- 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.

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

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

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

1. As stated in Note 2.2, to the financial statements, Eastland Equity Bhd. adopted the Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and the financial performance and cash flows for the financial year then ended.

2. 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 PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Dato' Lock Peng Kuan
No. 02819/10/2020 J
Chartered Accountant

Kuala Lumpur

Date: 24 April 2019

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
Eastern Biscuit Factory Sdn Bhd	2-Level Basement Carpark, 7-Storey Podium Shopping Centre and an 11-storey 4-Star Hotel	Kota Sri Mutiara Jalan Sultan Yahya Petra 15150 Kota Bharu, Kelantan	Freehold	8,068 square metres	21	191,447,125	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	21	4,165,142	27/04/2009
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 feet	N/A	3,025,572	27/04/2009
Eastern Biscuit Factory Sdn Bhd	Completed shop houses 20 units 2-storey	Mukim Kuala Lemal Jajahan Pasir Mas Kelantan	Leasehold (Expiring on 22 July 2074)	32,880 square feet	3	7,587,812	15/05/2016

ANALYSIS OF SHAREHOLDINGS

Issued and Paid-up Capital	:	RM123,168,988.50 divided into 245,667,975 shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share
No. of Shareholders	:	15,391

DISTRIBUTION OF SHAREHOLDINGS AS AT 22 MARCH 2019

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Issued Share Capital
1 to 99 shares	7,767	50.46%	324,491	0.13%
100 to 1,000 shares	4,454	28.94%	1,335,283	0.55%
1,001 to 10,000 shares	1,939	12.60%	8,899,710	3.62%
10,001 to 100,000 shares	1,016	6.60%	36,784,061	14.97%
100,001 to 12,283,397 shares	214	1.39%	180,654,430	73.54%
12,283,398 and above	1	0.01%	17,670,000	7.19%
TOTAL	**15,391**	**100%**	**245,667,975**	**100%**

DIRECTORS' SHAREHOLDINGS AS AT 22 MARCH 2019 (as per Register of Directors' Shareholdings)

Name of Directors	No. of Shares (Direct)	%	No. of Shares (Indirect)	%
Lee Chee Kiang	236,200	0.10	–	–
Tan Chin Hong	–	–	18,333,928*	7.46
Datuk Yunus @ Mohd Yunus Bin Awang Hashim	–	–	–	–
Mohamed Akwal Bin Sultan Mohamad	–	–	–	–
Petrus Gimbad	–	–	–	–

SUBSTANTIAL SHAREHOLDERS AS AT 22 MARCH 2019 (as per Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Shares (Direct)	%	No. of Shares (Indirect)	%
Sydney Lim Tau Chin	–	–	15,466,430#	6.30
Tan Kok Aun	1,763,200	0.72	15,466,430#	6.30
Maylex Ventures Sdn. Bhd.	15,466,430	6.30	–	–
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 22 MARCH 2019

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	**NG VUI KEE @ VICKY NG**	10,766,900	4.38
3	**RHB NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MAYLEX VENTURES SDN. BHD.	10,025,930	4.08
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	3.12
9	**CHEW KENG SIEW**	6,680,000	2.72
10	**MAYBANK NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR THONG MENG CHIL	6,480,400	2.64
11	**MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MARY TAN @ TAN HUI NGOH (MARGIN)	6,116,600	2.49
12	**POH SHIOW WOAN**	5,078,521	2.07
13	**TEY CHEE THONG**	4,382,900	1.78
14	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MAYLEX VENTURES SDN BHD	4,090,500	1.67
15	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR CHIN KIM FEN	4,010,700	1.63
16	**ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR GOLDMATRIX RESOURCES SDN. BHD(MU004)	3,852,200	1.57
17	**LING HUNG TAH**	2,588,600	1.05
18	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB BANK FOR HII JOON TECK (MQ0439)	2,571,100	1.05
19	**WAQAF AN-NUR CORPORATION BERHAD**	2,250,000	0.92
20	**CARTABAN NOMINEES (TEMPATAN) SDN BHD** EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE BRANCH (BJSSHKBR-CL O L)	2,180,000	0.89
21	**LIM HONG SANG**	2,161,400	0.88
22	**UNIVERSAL TRUSTEE (MALAYSIA) BERHAD**	1,918,032	0.78
23	**WONG YAPP FAH @ CECELLIA WONG**	1,886,700	0.77
24	**WONG LUN LEONG @ HELEN**	1,778,300	0.72
25	**CIMSEC NOMINEES (TEMPATAN) SDN BHD** CIMB BANK FOR CHONG OI LING (MQ0441)	1,550,000	0.63
26	**MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR MARY TAN @ TAN HUI NGOH (STF)	1,492,000	0.61
27	**AMSEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR TAN KOK AUN	1,463,200	0.60
28	**LAI THIAM POH**	1,450,000	0.59
29	**RHB NOMINEES (TEMPATAN) SDN BHD** SOO WING CHING	1,230,800	0.50
30	**SJ SEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR FRANCIS HO IK SING (SMT)	1,068,400	0.43
	Total	**147,673,029**	**60.11**

EASTLAND EQUITY BHD. (515965-A)

Incorporated in Malaysia

No. of Shares Held	
CDS Account No.	

PROXY FORM

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 Nineteenth 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, 27 May 2019 at 8.30 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

No.	Ordinary Resolution	For	Againt
1.	To re-elect Encik Mohamed Akwal Bin Sultan Mohamad as Director		
2.	To re-elect Mr Lee Chee Kiang as Director		
3.	To approve the payment of Directors' Fees and Benefits Payable for the period from 28 May 2019 until the date of next Annual General Meeting		
4.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
5.	To authorise the Directors to allot and issue shares		
	Special Resolution		
6.	To adopt new Constitution of Company		

[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 __________ 2019

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 Share Registrars Sdn. Bhd. (formerly known as Symphony Share Registrars Sdn. Bhd.), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia 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 17 May 2019 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 set out in the Notice of Nineteenth Annual General Meeting dated 29 April 2019.

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Affix Postage Stamp Here

The Share Registrars
BOARDROOM SHARE REGISTRARS SDN BHD
(formerly known as SYMPHONY SHARE REGISTRARS SDN BHD)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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