MERIDIAN

ANNUAL REPORT

2018

OUR MISSION

To create and introduce innovative concepts and solutions to all the Company's businesses via exemplary and dynamic leadership and consultative networking.

To strive and thrive hard in order to achieve excellence and carve a reputation as an 'innovative, reliable and dependable' developer.

To constantly provide expedient and effective services to our customers at all levels of operations.

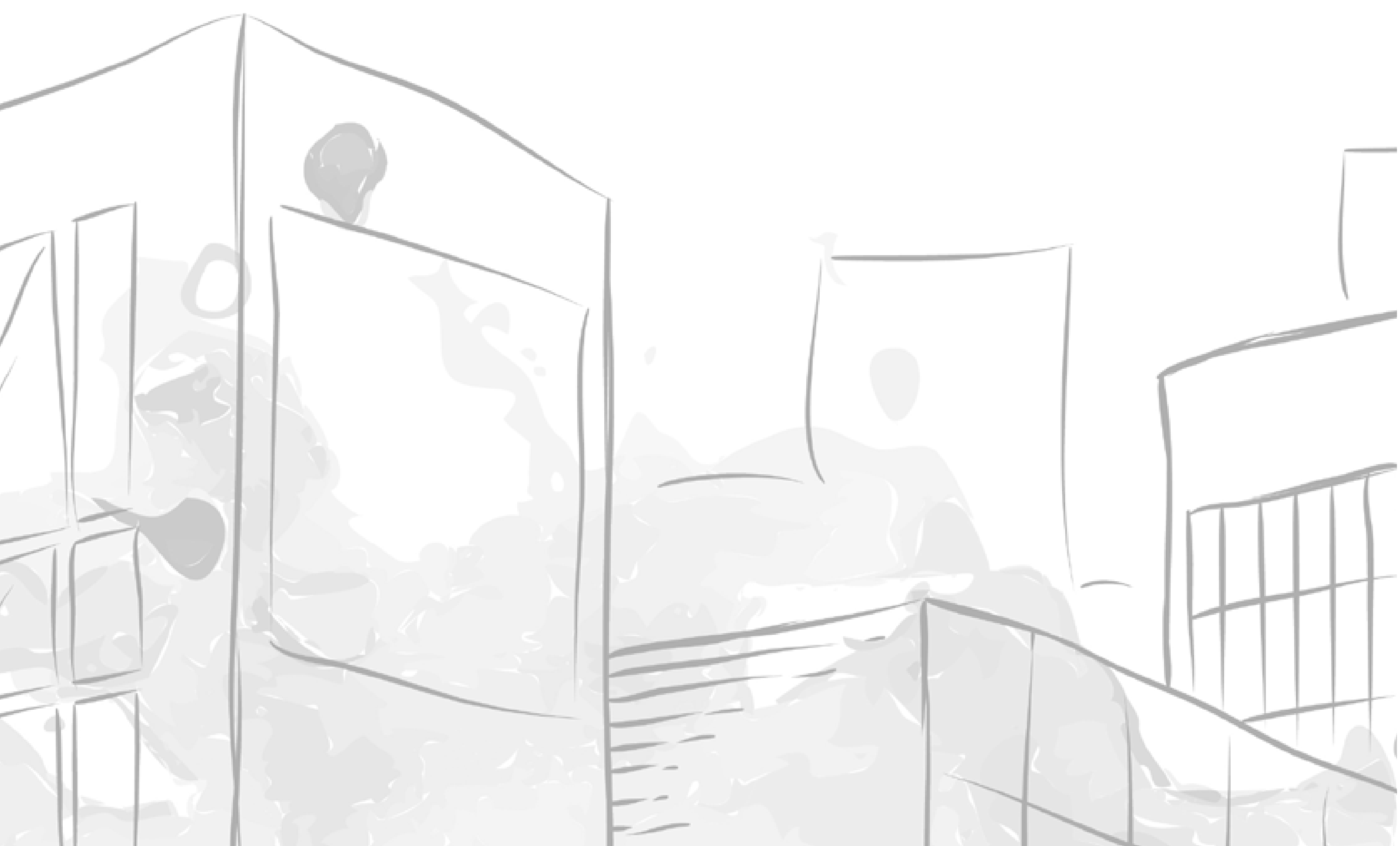
To continually deliver good and quality products as promised and on time.

To create, develop and provide challenging and rewarding careers for all employees as well as safeguard and enhance the interests of the stakeholders.

To remain creative, firm, adventurous and dynamic as a leading developer.

OUR VISION

To establish the Group's reputation as a pioneer in perfecting innovative development concept and a leading developer of projects with excellent location and value.



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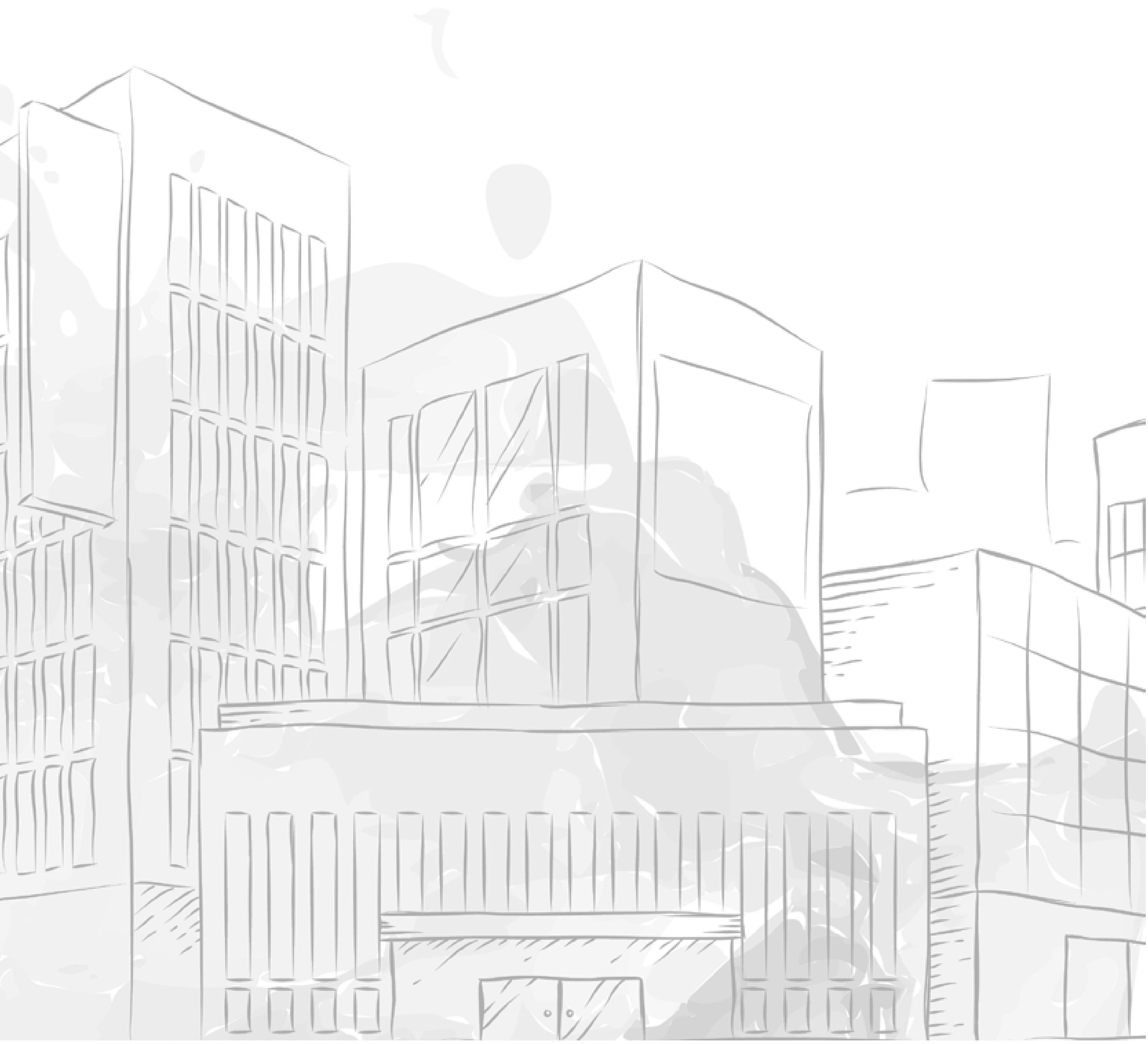


CORPORATE PROFILE

Meridian Berhad *(formerly known as Meda Inc Berhad)* was listed on the Main Board of the Bursa Malaysia Securities Bhd under the property sector on 19th March 2002. The Group's core activities are property development and investment of properties. The Group has successfully completed the development of several properties such as The Summit Subang USJ, The Summit Bukit Mertajam, Aman Larkin, Scott Garden,

Scott Tower, The Arc @ Cyberjaya and etc.

Strong customer orientation and innovative products and services are the foundation of Meridian's business. Meridian aspires to be a leader in the market by adding value in its core businesses and meeting customers' needs.

The Group views its human capital as the primary source of success towards achieving its vision and mission. The Group's employees have diverse educational and operational background and are capable to lead the Group.

As Meridian Berhad moves ahead, it will continue to focus on creating innovative concepts and solutions to its customers and stakeholders whilst maintaining the highest degree of professionalism and integrity.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Seri Dr. Mohd Ariff Bin Araff
Independent Non-Executive Director/Chairman

Dato' (Dr.) Teoh Seng Foo
Executive Director/Deputy Chairman

Dato' Teoh Seng Kian
Executive Director/Managing Director

Chin Wing Wah
Independent Non-Executive Director

Ooi Giap Ch'ng
(resigned w.e.f. 31 October 2018)
Independent Non-Executive Director

An Siew Chong
(resigned w.e.f. 30 November 2018)
Executive Director/Chief Operating Officer

Dato' Yap Ting Hau
(appointed w.e.f. 13 June 2018)
Executive Director

Datin Chan Heng Si
(appointed w.e.f. 30 November 2018)
Executive Director/Chief Operating Officer

Leong Yeng Kit
(appointed w.e.f. 31 October 2018)
Independent Non-Executive Director

Karlson Goh Kar Sheng
(appointed w.e.f. 30 November 2018)
Independent Non-Executive Director

AUDIT COMMITTEE
Chin Wing Wah (Chairman)
Independent Non-Executive Director

Dato' Seri Dr. Mohd Ariff Bin Araff (Member)
Independent Non-Executive Director

Leong Yeng Kit (Member)
Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE
Leong Yeng Kit (Chairman)
Independent Non-Executive Director

Dato' Seri Dr. Mohd Ariff Bin Araff (Member)
Independent Non-Executive Director

Chin Wing Wah (Member)
Independent Non-Executive Director

Karlson Goh Kar Sheng (Member)
Independent Non-Executive Director

COMPANY SECRETARY
Wong Youn Kim (MAICSA 7018778)

REGISTERED OFFICE
Suite 15.06, Plaza 138, Jalan Ampang, 50450 Kuala Lumpur
T : +603 2721 0288 | **F** : +603 2181 1558

WEBSITE
www.meda.com.my

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad,
Main Board

AUDITORS
Baker Tilly Monteiro Heng PLT (LLP0019411-LCA & AF 0117)
Baker Tilly Tower, Level 10, Tower 1, Avenue 5, Bangsar South City,
59200 Kuala Lumpur
T : +603 -2297 1000 | **F** : +603 2282 9980

REGISTRAR
Boardroom Share Registrars Sdn. Bhd. (378993-D)
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46
47301, Petaling Jaya
T : +603 -7841 8088/8099 | **F** : +603 7841 8100

BANKERS
Malaysian Building Society Berhad
Bank Islam Malaysia Berhad
United Overseas Bank (Malaysia) Berhad
Affin Bank Berhad
Public Bank Berhad
Malayan Banking Berhad
CIMB Bank Berhad

CORPORATE STRUCTURE

100%	**ZKP Development Sdn Bhd**	
100%	**Cemerlang Land Sdn Bhd** *	
100%	**Pesona Alfa Sdn Bhd**	
	100%	**Maju Puncakbumi Sdn Bhd**
100%	**Sri Lingga Sdn Bhd**	
	40%	**Nusarhu Sdn Bhd**
100%	**Nandex Land Sdn Bhd**	
100%	**Meda Project Management Sdn Bhd**	
100%	**MIB Construction Sdn Bhd**	
100%	**Gaya Pustaka Sdn Bhd**	
100%	**Virtue Property Sdn Bhd**	
100%	**Purple Heights Sdn Bhd**	
100%	**Meridian Theme Park Sdn Bhd** (formerly known as Golden Sceptre (MM2H) Sdn Bhd)	
100%	**Falcon Pavillion Sdn Bhd**	

* On 4 April 2019, the Company entered into a Share Purchase Agreement with Icon Advantage Sdn Bhd to dispose of this wholly owned subsidiary of the Company.

MERIDIAN

MERIDIAN BERHAD
(formerly known as Meda Inc. Berhad)
(Company No. 507785-P)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Meridian Berhad ("Meridian" or "the Group") (*formerly known as Meda Inc. Berhad*) is a property developer with related interests in property investment and construction.

Our track record includes developing both residential and commercial properties in Larkin, Johor Bahru; Cyberjaya, Selangor; Kuala Linggi, Melaka; and Sungai Siput, Perak. The Group mostly focuses on integrated and smaller-scale projects but have also developed a township.

Our projects span the price range from affordable to luxury and are set within strategically located areas. As of 31 December 2018, the Group has undeveloped landbank totalling 748.04 acres located in Sungai Siput, Perak; Kuala Linggi, Melaka; Tanjong Kling, Melaka and Sepang, Selangor.

CORPORATE DEVELOPMENTS

Emergence of Dato' Seth Yap Ting Hau ("Dato' Seth Yap"), the founder and Chief Executive Officer ("CEO") of M101 Group of Companies ("M101"), as a major shareholder with a 25.5% equity interest in Meridian in June 2018. M101 is a development company established to build and invest in sustainable projects in the heart of Kuala Lumpur. Currently, Dato' Seth Yap owns 30.4% equity interest in Meridian via his direct shareholdings of 14.36% and by virtue of his shareholdings in M101 Ventures Sdn. Bhd. of 16.06% pursuant to Section 8 of the Companies Act, 2016.

Dato' Seth Yap was also appointed as an Executive Director to the Board of Directors ("the Board") of the Group in 13 June 2018 while his spouse, Datin Lea Chan Heng Si ("Datin Lea Chan") was appointed as an Executive Director and Chief Operating Officer ("COO") on 30 November 2018.

Pursuant to the entry of Dato' Seth Yap and M101 Ventures Sdn. Bhd. into the Group as substantial shareholders, Meda Inc. Berhad also underwent a name change to Meridian Berhad with effect from 5 March 2019 while the Group's headquarters was moved to Plaza 138 in downtown Kuala Lumpur from Subang Jaya, Selangor late last year.

The year under review also saw several initiatives being undertaken, including the proposal last December to raise up to RM36.7 million through a proposed private placement exercise as well as a new shares issuance, each of up to 10%, of the total issued shares or up to a total of 98.51 million shares.

Dato' Seth Yap has also taken the initiative to settle the material litigation between the Group and the house owners of The Arc@Cyberjaya, a project comprising service apartments and commercial units completed by the Group in 2015. As of 31 December 2018, the new management team has paid a total sum of RM6.6 million to the respective owners of The Arc @ Cyberjaya in relation to guaranteed rental return (GRR) leaving the remaining balance of RM11 million.

FINANCIAL PERFORMANCE REVIEW

The Group posted a 31.88% decline in revenue to RM12.95 million for the financial year ended 31 December 2018 ("FY2018") compared to the previous financial year. The Group made a loss before tax of RM22.92 million for the financial year under review compared to a loss before tax of RM8.21 million in FY2017. The Group posted a loss after tax of RM23.32 million in FY2018 compared to the loss after tax of RM8.83 million in FY2017.

For the year under review, the Group's property development and construction business posted a 36.70% decline in revenue to RM9.7 million compared to FY2017 while loss before tax widened by 33% to RM28 million.

For FY2018, the Group's property investment business posted a 10.9% drop in revenue to RM2.6 million compared to FY2017 while profit before tax increased to RM13.2 million. Revenue from other operations deteriorated 14.3% to RM628,000 for the year under review with loss before tax RM8.2 million compared to the profit before tax of RM6 million.

The property market reflected the cautious sentiment that prevailed in the economy in the year under review. Despite stronger economic growth in the last three months of 2018, the first acceleration since the third quarter of 2017, full-year growth came in at 4.7%, down from the 5.9% in 2017.

The Group's financial performance was affected given the weak property market sentiments and the generally cautious mood among lenders concerned over the slower pace of economic growth.

According to the National Property Information Centre's (Napic) Property Market Report First Half 2018, several factors continued to weigh on the market, including the mismatch between supply and demand for residential properties priced from RM1 million as well as the overhang of commercial properties, in particular high-end shopoffices and malls.

The Napic report noted that there was a marginal decline in the property market for all property types in the first-half of 2018 with a decrease of 2.4% for transactions to 149,889 worth RM67.74 billion, a decline of 0.1% compared to the same period of the previous year.

Loan indicators showed a mixed trend in the first-half of 2018, with loans applied for residential properties decreasing by 3.1% compared to the same period of the previous year, with approved loans falling by 0.2%. For non-residential properties, loans applications increased 14.2% with approvals up 6.6%. Napic's third-quarter residential stock and status report also noted that there was an overhang of 30,115 units valued at RM19.54 billion. Residential property starts amounted to 93,998 units from the first to the third quarters. As at the third quarter, the Malaysian House Price Index published by Napic showed that prices have only risen 1.1% compared to the 6.5% rise in the same quarter of the previous year while on a quarter-on-quarter basis, it declined 0.5%.

OUTLOOK

The property market outlook will continue to be challenging this year given the worries over slowing economic growth stemming from a combination of domestic and external factors as well as the persistent overhang of residential properties priced from RM1 million.

Bank Negara Malaysia ("BNM") in March revised lower the outlook for economic growth to between 4.3% and 4.8%, which was lower than the 4.9% forecast announced by the Ministry of Finance during the tabling of Budget 2019 in November last year.

While private consumption will continue to be a mainstay of the domestic economy, it is expected to moderate, with BNM expecting private consumption to expand 6.6% in 2019 compared to 8.1% in the previous year.

Lingering effects from the political transition arising from the 9 May 2018 general election when the country saw a change of government for the first time in its history will continue to have a grip on investor sentiment.

External factors such as the China-US trade dispute will weigh on the exports-reliant subsectors of the manufacturing sector, which in turn will have an impact on growth.

In view of these challenges, the Board intends to develop in collaboration with famous global brands as well as tertiary education institutes, the Group's existing landbank located in Kuala Linggi, Melaka into the Malaysia Tourism City, a mixed project comprising three phases.

The Malaysia Tourism City project is key to the revitalisation of the Group, which expects the project to be a major revenue and profit contributor.

The Group has also halted construction of the Tanjong Kling (Phase 1) project. The project involves the construction of 648 affordable apartments by our indirect wholly-owned unit Maju Puncakbumi Sdn. Bhd. for Perbadanan PRIMA Malaysia ("PRIMA"), which had agreed to purchase the apartments in accordance with a purchase agreement dated 5 May 2015.

The strengthened balance sheet arising from the recent corporate developments will help the Board in seeking out other opportunities to improve the Group's financial performance.

PROFILE OF BOARD OF DIRECTORS

DATO' SERI DR. MOHD ARIFF BIN ARAFF

* Chairman (Independent / Non-Executive)
* Member of Audit Committee
* Member of Nomination and Remuneration Committee
* Aged 74, Male, Malaysian
* Joined the Board on 2 November 2009

Dato' Seri Dr. Mohd Ariff Bin Araff holds a PhD. (Electrical Engineering) from Brunel University, United Kingdom, Bachelor of Science Engineering (Hons.) from University of Brighton in United Kingdom, MIEM (Malaysia), P.Eng., MIEE, C. Eng. (United Kingdom), MIEEE (USA), SMP (Harvard), AMP (INSEAD), DSNS, SPTJ.

Dato' Seri has extensive experience in Electric Utility Engineering and Management. He has worked in various capacities in Generation, Transmission and Distribution Divisions of Tenaga Nasional Bhd ("TNB"), the biggest electric utility in Malaysia. In the 32 years he has worked with TNB, Dato' Seri has completed many varied assignments in areas of Generation and Transmission Projects, Generation Operation, Utility Planning, Transmission and Distribution Management, IT Applications in Distribution, Corporate Management, Research and Development and Commercialization of Research Products.

Retired from TNB in April 2000 as Managing Director/CEO of TNB Research Sdn. Bhd. ("TNB Research") and was reappointed as an Advisor to TNB Research on contract basis for two years and was appointed as a Director to the Board of TNB Research from 1997 until now. He is a member of ASEAN Working Group on Utility Standards as well as the Working Group on Research, Development and Engineering. Internationally, he is a registered UNIDO Expert on Energy Audit and Energy Conservation and UNCTAD Expert on Power Generation and Transmission Equipments.

In 1998, Dato' Seri was appointed as a Board Member of Malaysia Energy Centre (Pusat Tenaga Malaysia/PTM) till recently. Using his vast experiences in Power Engineering and Management, he helps to steer PTM to become a premier Power Research Institute. He was appointed Chairman of MIMOS Berhad ("MIMOS"), a premier government-owned R&D establishment for ICT since October 2000 until 30th December 2004. In 2002 while as Chairman of MIMOS, he was conferred the prestigious award SPTJ.

Dato' Seri is Co-Chairman of Doble International Engineering Committee (USA) for Transformers. He was once the President of TNB Senior Officers Association (a Trade Union) and currently holds several positions as Advisor/Chairman/Board Member of private corporations and banking institutions. He currently sits on the Board of Eduspec Holding Berhad.

Dato' Seri does not hold any shares in the Company and subsidiaries.

DATO' (DR.) TEOH SENG FOO

* Deputy Chairman (Executive)
* Aged 63, Male, Malaysian
* Joined the Board on 28 December 2001

An Accountant by profession, Dato' (Dr.) Teoh Seng Foo is a Chartered Accountant of the Malaysian Institute of Accountants, a Fellow Member of the Chartered Institute of Management Accountants (United Kingdom) and a Chartered Global Management Accountant.

Dato' has wide corporate experience, having held senior management positions in multi-national corporations such as Intel Technology, Woodward & Dickerson Inc., PricewaterhouseCoopers and Esquel Group.

Dato' was conferred the Honorary Doctorate in Business Administration by University of Abertay Dundee, United Kingdom. Currently, Dato' is also a Patron of the University of Abertay Foundation based in United Kingdom.

Presently, Dato' holds board position in EcoFirst Consolidated Berhad as Executive Director.

Dato' is a brother to Teoh Seng Aun, a substantial shareholder of the Company and Dato' Teoh Seng Kian, the Director cum substantial shareholder of the Company.

Dato' has not entered into any transaction, whether directly or indirectly, which have a conflict of interest with the Company, other than those disclosed in Note 28(ii) in the accompanying financial statements.

DATO' TEOH SENG KIAN

* Managing Director (Executive)
* Chairman of Risk Management Committee
* Chairman of Tender Committee
* Aged 59, Male, Malaysian
* Joined the Board on 28 December 2001

Dato' Teoh Seng Kian graduated with a Bachelor of Engineering (Mechanical) degree from Australia in 1984.

Dato' started his career with an Australian company specializing in manufacturing of building materials. Upon returning to Malaysia, Dato' served as a director in a company involved in quarrying and infrastructure construction. Dato' has been with the Meridian Group since 1993 as the Group Project Director. Dato' is currently an alternate director in EcoFirst Consolidated Berhad.

Dato' is a brother to Dato' (Dr.) Teoh Seng Foo, the Deputy Chairman cum substantial shareholder and Teoh Seng Aun, a substantial shareholder of the Company.

Dato' has not entered into any transaction which have a conflict of interest with the Company, other than those disclosed in Note 28(ii) in the accompanying financial statements.

CHIN WING WAH

* Director (Independent / Non-Executive)
* Chairman of Audit Committee
* Member of Nomination and Remuneration Committee
* Member of Risk Management Committee
* Aged 55, Male, Malaysian
* Joined the Board on 1 August 2012

Mr. Chin Wing Wah is a Chartered Accountant of the Malaysian Institute of Accountants and an associate member of the Chartered Institute of Management Accountants ("ACMA"), United Kingdom.

He has more than 31 years of experience in finance and treasury management and corporate matter. He started his career in 1985 as an auditor in public accounting firms for a few years and subsequently joined Mahajaya Berhad group as an assistant accountant before he left to join Crimson Land Berhad. He had held position as a head of department for the corporate division and chief operation officer of the private group. Currently he is an executive director of a private group of companies. He is also a director in Matrix Parking Solution Holdings Berhad Group since 8 June 2018.

DATO' YAP TING HAU

* Director (Executive)
* Aged 40, Male, Malaysian
* Joined the Board on 13 June 2018

Dato Seth Yap is a lawyer by profession, receiving his law degree from the University of Liverpool in 2001 and was admitted to the English Bar at Lincoln's Inn. He read in the chambers of Messrs Skrine & Co. and was admitted to the Malaysian Bar on 25 June 2010. He is the founder of M101 Holdings, a property developer specialising in building tourism properties. He is also a successful entrepreneur having interests in advertising and events as well as outsource banking.

His real estate expertise includes being the founder of Jotex Industries Sdn Bhd, a property investment firm that holds over RM10 million worth of assets. He was also invited to be a member of law firm Messrs FL Foo & Co. in 2007 and is a certified unit manager of ING Insurance Berhad.

Dato Seth Yap has gathered a wealth of knowledge and experience through his involvement in the property industry since 2004 and through his legal background understands what the market needs. He has an interest in promoting property tourism in the country and aims to develop such properties.

He is the spouse of Datin Lea Chan, a Director and indirect substantial shareholder of the Company.

Dato' has not entered into any transaction which have a conflict of interest with the Company, other than those disclosed in Note 28(ii) in the accompanying financial statements.

DATIN CHAN HENG SI

* Director (Executive/Chief Operating Officer)
* Aged 40, Female, Malaysian
* Joined the Board on 30 November 2018
* Appointed as COO on 30 November 2018

A lawyer by profession, Datin Lea Chan has experience in handling property-related deals through drafting joint venture agreements, sales and purchase agreements as well as payment structures for land deals.

She is a graduate of the University of London and received her Certificate of Legal Practice from the University of Malaya in 2002. She was admitted to the Malaysian Bar in 2003. She joined Messrs Abraham Ooi & Partners as a Legal Assistant and was subsequently invited to be a Partner of Messrs FL Foo & Co in December 2007.

Datin Lea Chan is currently the Executive Director of M101 Holdings Sdn Bhd and the CEO and Co-Founder of Sirocco Hospitality Group Sdn Bhd (“Sirocco”), M101 Holdings’ hospitality arm. Sirocco manages RED by Sirocco, located at M101 Dang Wangi. Sirocco will also be managing the Monopoly Mansion and Planet Hollywood Suites, scheduled to open in 2019 and 2022 respectively.

She is also an entrepreneur, being the Founder and Owner of The Rub Bar KL, a boutique spa as well as being a Director of The Rogue Dining Ventures Sdn Bhd, a restaurant, food court and food delivery operator.

Datin Lea Chan is an active member of the Real Estate & Housing Developers’ Association, having sat on a number of its committees. She is also a board member of the Lions Club of KL Elite.

She is the spouse of Dato Seth Yap, a Director and substantial shareholder of the Company.

Datin’ has not entered into any transaction which have a conflict of interest with the Company, other than those disclosed in Note 28(ii) in the accompanying financial statements.

LEONG YENG KIT

* Director (Independent / Non-Executive)
* Chairman of Nomination and Remuneration Committee
* Aged 46, Male, Malaysian
* Joined the Board on 31 October 2018

Mr. Leong read law at the University of Buckingham, graduating in 1995 and was called to the Malaysian Bar in 1998. He is the founder and managing partner of Leong Yeng Kit & Co.

He has extensive experience in banking, capital markets, corporate law, mergers and takeovers, commercial law, conveyancing, corporate restructuring, intellectual property, liquidation, receivership, litigation and fraud investigations.

He was the founder of and an independent non-executive director of RHB Indochina Bank Limited and RHB OSK Indochina Securities Limited and is currently the Group Managing Director of WiraDani Development Sdn Bhd & Three Woods Development Sdn Bhd. He has interests in the food and beverage industry, a share issuing house and registrar in Cambodia, and in the hospitality and entertainment industry.

He has held office at the National Kidney Foundation of Malaysia, the Kiwanis Club of Bukit Kiara, Kolej Tuanku Ja'afar Alumni Society and Rotary Club of Petaling Jaya. He is also the Honorary Consul of the Republic of Latvia to Malaysia as well as a Special Legal Attorney for the State of Minnesota, USA.

KARLSON GOH KAR SHENG

* Director (Independent / Non-Executive)
* Member of Nomination and Remuneration Committee
* Aged 42, Male, Malaysian
* Joined the Board on 30 November 2018

Mr. Karlson Goh is a chartered architect by profession and graduated with degrees in design studies and architecture from the University of Adelaide in 1999 and 2002 respectively. Previously running his business as a sole proprietor, he later joined a mid-sized firm and was made Partner. He was also a lecturer at Taylor's University and is also an Associate Director in the Kuala Lumpur office of Singapore-based DP Architects Pte. Ltd.

He has extensive experience in design development, contract administration and project management for a wide range of projects from individual bungalows, residential townships, commercial offices, mixed developments to overall master planning. He is a corporate member of Lembaga Akitek Malaysia and Pertubuhan Arkitek Malaysia.

Mr. Karlson does not hold any shares in the Company and subsidiaries.

Save as disclose above, none of the Director has:

- *any family relationship with any Director and/or major shareholder of the Company;*
- *any conflict of interest with the Company; and*
- *any conviction for offences within the past 5 years other than traffic offences, if any.*

SUSTAINABILITY STATEMENT

SUSTAINABILITY MATTERS

How the Group runs its business and how this impacts the economy, environment and society is important to us. As such, Meridian is committed to ensuring that sustainability practices are embedded throughout the Group as we believe that this will not only enhance value for shareholders but also stakeholders at large.

The Group is a developer of residential and commercial properties, with related activities in construction and property investments. It is of importance to us that we build and deliver properties that people can call homes and firms can operate their businesses from.

We are cognizant of the role that property development play in the evolution of the Malaysian landscape and as such, the Group understands the need to operate in a transparent and sustainable manner and more so, our responsibilities as a public-listed company.

<u>Sustainability governance structure</u>

Within the Group, the Managing Director and COO are given the responsibilities of reviewing, discussing and approving our sustainability strategy and initiatives. It is then the COO's responsibility to get the relevant Heads of Department to implement these initiatives.

<u>Scope of Sustainability Statement</u>

This statement covers the Group's sustainability matters together with that of its subsidiaries for the year under review and does not include associated companies or joint ventures.

IDENTIFYING MATERIAL RISKS AND OPPORTUNITIES

The priorities the Group sets for the Economic, Environmental and Social ("**EES**") impacts on the organisation and its business operations are set out according to:

- The level of significance an issue or matter relates to our Group's strategic vision and core business activities;
- The impact, relevance and importance of the issue in relation to our internal and external stakeholders; and
- The ability of the Group to control and manage these matters.

These criteria allow the Group to clearly assess and prioritise the importance as well as urgency of the issues based on information and feedback from both within and outside the organisation. Both structured and informal stakeholder engagements are used to gather and assess the information. The materiality of the matters are identified, prioritised and validated by the senior management team led by the Managing Director and supported by the COO.

The Group validates four material sustainability matters, which is Embracing Good Corporate Governance, Compliance, Workplace Best Practices, and Community Enrichment.

Good Corporate Governance

We believe that adopting and inculcating good corporate governance will help ensure that the Group operates in a sustainable manner while also forming strategies that reflect our values.

The Group's corporate governance is framed through a Board Charter ("Charter") that ensures members of the Board are aware of their duties, responsibilities and roles. The Charter also emphasises the application of principles and practices of good corporate governance. Besides the Charter, there also guidelines and policies in place to encourage the good corporate governance practices. These include:

- Directors' Code of Conducts & Ethics
- Policy on Independence of Directors
- Corporate Disclosure Policy
- Whistle Blowing Policy

The Statement of Corporate Governance section of this Annual Report has further information and details relating to the Group's commitment towards corporate governance.

Compliance

Meridian is a property developer with related activities in landbank acquisition, planning and designing residential and commercial properties, building and construction of property, sales and marketing as well as maintenance and management of properties. There are relevant laws, regulations and guidelines governing all the Group's activities and these are enforced by industry regulators and public agencies.

We have complied with all laws, regulations and guidelines relevant to the Group's activities during the year under review.

Workplace Best Practices

We have invested in various training programmes to ensure that we retain as well as attract talent. Besides these programmes, we have also set out workplace best practices to develop talent crucial to our growth.

Our employees' safety and security are also a priority and we have carried out initiatives related to their occupational safety and health during the year under review.

Community Enrichment

The Group is part of a wider community and is committed to contributing in a positive way towards the wider society. Part of this commitment is the annual blood donation drive that is carried out in collaboration with Pusat Darah Malaysia. We continue to look for other meaningful ways to contribute towards society.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") support high standard of corporate governance and is fully committed to ensure that good corporate governance is being practiced throughout Meridian Berhad *(formerly known as Meda Inc. Berhad)* ("Meridian or the Company") and its subsidiaries ("the Group") so that the affairs of the Group are conducted in a transparent and objective manner with full accountability and integrity to safeguard shareholders' investment and ultimately enhance their value and the financial performance of the Group.

The Board is working towards ensuring full compliance with principles and best practices of Malaysian Code on Corporate Governance 2017 ("Code 2017"). An indication of the Board's commitment is reflected in the incorporation of various policies and processes and the establishment of the relevant committees. In this statement, the Board reports on the manner in which the Group has adopted and applied the principles and best practices as set out in the Code 2017, the governance standards prescribed in the Main Market Listing Requirements ("MMLR") and the requirements under Companies Act, 2016 ("CA 2016").

The Board is pleased to report on how the Company and Group have applied the principles set out in the Code 2017 to its particular circumstances or where there is a departure, explanation on the departures, having regard to the recommendations and best practices stated under each principle in the Corporate Governance Report is available on Meridian's website at www.meda.com.my.

The following summary describes how the Group's practices corporate governance with reference to the Code 2017.

PRINCIPLE A:
BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The role of the Board is to provide overall strategic guidance, effective oversight on the governance and management of the business affairs of the Group for the benefit of the stakeholders. Responsibilities of the Board include, inter-alia the following:-

- Reviewing, adopting and monitoring the company's major strategies/plans, financial performance in respect of objectives, long or medium term goals;
- Decision making regarding matters of sensitive, extraordinary or strategic nature;
- Monitoring capital management and major expenditure;
- Monitoring the performance and competency of senior management positions are of sufficient caliber and the Board is satisfied that there are programmes in place to provide for the orderly succession management including implementation of appropriate systems for recruiting, training, determining the appropriate compensation benefits and where necessary replacing any member of the Senior Management;
- Reporting to Shareholders;
- Evaluations of Board processes and performance;
- Declaring dividends payment;
- Reviewing the adequacy and the integrity of the risks management, internal control systems and management information systems of the Group, including sound framework systems and procedures in place for compliance with applicable laws, regulations, rules and directives and guidelines, to promote best practice in corporate governance; and
- Reviewing and approving annual statutory accounts and monitoring quarterly financial results, press releases and authorise the same for release to the public via Bursa Malaysia Securities Berhad ("Bursa Securities") and other authorities.

PRINCIPLE A:
BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

In discharging its fiduciary duties the Board is guided by the Board Charter which was adopted on 21 December 2012 and last reviewed on 16 April 2019, which outlines the composition of the Board together with the roles and responsibilities of the Board, Chairman, Managing Director and the Board Committees including the process and procedures for convening of Board Meeting.

In order to ensure that the Company's business is being effectively managed, the Board has established the appropriate internal control systems to support, promote, as check and balance and to ensure compliance with the laws and regulations governing the Company. The Board conducted quarterly reviews in the financial year ended 2018 where progress reports on the operations by sectors and financial performance for the period and update on key corporate exercises will be presented during the quarterly Board meeting. The attendance of individual Directors at Board and Board Committees meetings during the financial year 2018 is outlined below:-

Director	Board	AC	NC	RC
Executive Director				
Dato' (Dr.) Teoh Seng Foo	6/6			1/1
Dato' Teoh Seng Kian	6/6			
An Siew Chong - Resigned on 30 November 2018	4/5			
Dato' Yap Ting Hau - Appointed on 13 June 2018	2/2			
Datin Chan Heng Si - Appointed on 30 November 2018	N/A			
Independent Non-Executive Director				
Dato' Seri Dr. Mohd Ariff Bin Araff	6/6	5/5	3/3	
Chin Wing Wah	5/6	5/5	2/3	1/1
Ooi Giap Ch'ng - Resigned on 31 October 2018	5/5	4/4	2/3	1/1
Leong Yeng Kit - Appointed on 31 October 2018	1/1	1/1	N/A	N/A
Karlson Goh Kar Sheng - Appointed on 30 November 2018				

Board/Board Committee Chairman

The Board also reviews the principal risks arising from all aspects of the Group's business that have significant impact on the Group's operations to ensure that there are systems in place to effectively monitor and manage these risks.

The Board of Directors is guided by the Director Code of Conducts and Ethics ("the Code") adopted on 21 December 2012 which formalises the standard conduct and behavior that is expected of its directors at all times in performing and exercising their duties and responsibilities as Directors of the Company or when representing the Company. The Code is formulated to enhance the standard of corporate governance and corporate behavior of directors based on trustworthiness and values that can be accepted and to uphold the spirit of responsibility and social responsibility in line with legislation, regulations and guidelines for administering the Group.

As part of the Company's continuous effort to ensure that good corporate governance practices are being adopted, the Board has formalised a set of Whistle Blowing Policy to provide an avenue for stakeholders of the Company to raise concerns related to possible breach of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices.

PRINCIPLE A:
BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

In order to ensure effective functioning of the Board, the Company Secretary plays an advisory role to facilitate overall compliance with the Main Market Listing Requirements, Companies Act, 2016 and other relevant laws and regulations, advise the Board on all governance issues and ensure the Directors are provided with relevant information on a timely basis for decision making. The Board together with the Company Secretary monitors developments in the corporate governance, statutory and regulatory requirements relating to Directors' duties and responsibilities.

The Company Secretary attends all Board and Board Committee meetings and ensures that there is a quorum for all the meetings. She is also responsible for ensuring that all the meetings are convened in accordance with the Board procedures and relevant terms of references.

The decisions made by the Board at the Board meetings are conveyed to the respective Management for their action by the Company Secretary after each Board meeting.

The minutes of the meetings are prepared to include amongst others, pertinent issues, substance of enquires and responses, recommendations and decisions made by the Directors. The minutes of the meetings are properly kept in line with the relevant statutory requirements of the relevant laws.

II. BOARD COMPOSITION

The Board currently consists of eight (8) members. There are four (4) Independent Non-Executive Directors and four (4) Non-Independent Executive Directors, one of which is also the Chief Operating Officer. The current Board composition complies with the MMLR of Bursa Malaysia Securities Bhd ("Bursa Securities") that requires at least two (2) or one-third (1/3) of the Board, whichever is the higher are independent directors.

The Board has maintained its mix of Directors from diverse professional background with a wide range of experience and expertise in the field of business, legal, economics, finance and accounting.

The Board will review its composition mix to determine areas of strength and improvement from time to time.

a) Board Committee

The Board has delegated certain responsibilities and duties to the Board Committees which clearly defined in the Terms of Reference. These Committees are:-

i) Audit Committee

The Board has established an Audit Committee which is chaired by an Independent Director, Mr. Chin Wing Wah, whilst the Chairman of the Board is Dato' Seri Dr. Mohd Ariff Bin Araff.

The Chairman of the Audit Committee and the Chairman of the Board are held by different individuals to allow the Board to objectively review the Audit Committee's findings and recommendations.

The Chairman of the Audit Committee is equipped with Malaysian Institute of Accountants ("MIA") membership and has vast experience in finance, treasury management and corporate matters to lead discussions and deliberations related to financial issues and to review results and statements. His full profile can be viewed on page 13 of this Annual Report.

Details of the composition and activities of the Audit Committee are set out in the Audit Committee Report of this Annual Report.

PRINCIPLE A:
BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

ii) Nomination and Remuneration Committee

The Nomination Committee and Remuneration Committee were combined into one committee and renamed as the "Nomination and Remuneration Committee" ("NRC"), with effect from 29 March 2019. The NRC comprises of four (4) members, namely as follows:-

Name	Designation	Directorship
Leong Yeng Kit	Chairman	Independent Non-Executive Director
Dato' Seri Dr. Mohd Ariff Bin Araff	Member	Independent Non-Executive Director
Chin Wing Wah	Member	Independent Non-Executive Director
Karlson Goh Kar Sheng	Member	Independent Non-Executive Director

The duties and responsibilities of the NRC are set out in the Terms of Reference of the NRC which are available at the Company's website at www.meda.com.my for shareholders' reference.

b) Appointment Process

The Group practices formal procedure on sourcing and appointment of new directors. In searching for suitable candidates, the criteria such as qualifications, skills, experience, professionalism, integrity and diversity needed on Board for the Group's direction will be assessed to determine the suitable candidate.

The NRC is empowered to identify, evaluate and recommend to the Board of candidates for new appointments to the Board. In the process the NRC take into consideration, the following criteria:-

i) Size, composition, mix of skills, experience, competencies and other qualities of the existing Board members;

ii) The candidate's skills, knowledge, expertise and experience, competence and capability, professionalism, probity, personal and financial integrity and reputation and commitment (including time commitment) to effectively discharge his/her role as Director and, in the case of a candidate for the position of Independent Non-Executive Director, the independence as defined in the Listing Requirements [for the purpose to bring out independence and objectivity in judgement on issues considered and thence, the ability to discharge responsibilities as expected from an Independent Non-Executive Director.]; and

iii) Directorships of not more than five (5) public listed companies ("PLC") (as prescribed under paragraph 15.06 of the MMLR) to ensure Directors have sufficient time to fulfill their roles and responsibilities effectively.

The Board Recruitment Process involves the following stages:-

i) Identification of candidate;
ii) Evaluation of suitability of candidates;
iii) Meeting up with candidates;
iv) Final deliberation by NRC; and
v) Recommendation to Board.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

There are changes to the composition of the Board during the financial year under review subsequent to the appointment of Dato' Yap Ting Hau, Datin Chan Heng Si, Mr. Leong Yeng Kit and Mr. Karlson Goh Kar Sheng. The profiles of these Directors are set out on pages 13 to 15 of the Annual Report.

c) Re-election of Directors

The Constitution of the Company provides that at every Annual General Meeting ("AGM") of the Company, one third (1/3) of the Directors for the time being and those appointed during the financial year shall retire from office and shall be eligible for re-election. Any new Director appointed by the Board during the year is required to stand for election at the next AGM. The Directors to retire in each year are the Directors who have stayed longest in office since their last election. To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance and shareholdings in Meridian of each Director standing for re-election are furnished in the Profile of Directors contained in the Annual Report.

The NRC had reviewed and assessed annually the retiring Directors who seek for election and re-appointment at the AGM of the Company and thereafter submit its recommendation to the Board on the proposed re-election and re-appointment of Directors for consideration before tabling the same for shareholders' approval.

At the forthcoming 19th Annual General Meeting, the following Directors are subject to re-election under Article 96(1) and 103 of the Company's Constitution:-

(a) Dato' Teoh Seng Kian – Article 96(1)
(b) Dato' Yap Ting Hau – Article 103
(c) Datin Chan Heng Si – Article 103
(d) Leong Yeng Kit – Article 103
(e) Karlson Goh Kar Sheng – Article 103

All the above mentioned Directors have consented to serve as Directors, if re-elected or re-appointed by the shareholders at the forthcoming AGM.

d) Annual Assessment

The NRC meets at least once a year and during the meeting the NRC conducted the Board Performance evaluation via questionnaires which covers Board and Board Committees effectiveness assessment as well as the performance of the individual Directors together with Directors' self and peer assessment. The NRC assessed the effectiveness of the Board and Board Committees in terms of composition, conduct, accountability and responsibility of the Board and Board Committees in terms of reference. The Directors self and peer assessment was conducted to evaluate the mix of skills, experience and the individual's Director's ability to contribute and exercise independent judgement towards the effective functioning of the Board in achieving their responsibilities as set out in the Board Charter or the respective terms of reference of the Board Committees.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

The internally developed criteria used in the assessment are guided by the Corporate Governance Guide issued by Bursa Securities and customized to meet the expectations of the Board and the Company. The assessment questionnaire are designed using rating scales to assist the evaluation process. All Board members completed the assessment questionnaires on a confidential basis. The Directors' responses are collated and a comprehensive summary of findings and recommendations is submitted to the NRC for evaluation, after which, the findings and recommendations are escalated to the Board for its consideration and proposed actions based on the NRC recommendations. All Directors' responses from the annual assessment conducted were formally and properly documented.

The NRC also evaluates the independence of the Independent Directors based on the criteria of "Independence" as prescribed in the MMLR of the Bursa Securities.

The NRC, pursuant to the annual review that was carried out, was satisfied that the size of the Board is optimum, well-balanced with appropriate mix of skills and experience in the composition of the Board and its Committees.

The NRC also reviewed the list of training programmes attended by the Directors during the financial year ended 31 December 2018 and are satisfied that the training attended are relevant and appropriate to the Company's needs.

Talks, seminars and training programmes attended by Directors in year 2018 are as follows:-

- Malaysian Code on Corporate Governance
- ACCU Conference "Networking" with new Digital Technology
- CEPSI Conference on Exhibition and Delegate
- Corporate Governance Briefing Sessions: MSSG Reporting and Corporate Governance Guide
- Investment Laws and Overview of Real Estate Business in Vietnam - Understanding Vietnamese tax regime
- Sustainability Engagement Series for Directors' / Chief Executive Officers
- 2018 Post-Budget Tax Seminar

e) Gender Diversity

The Board as a policy will select candidate as a Director who will best serve the Company regardless of gender. Evaluation of suitability of candidates is solely based on the candidates' character, time commitment, competency, experience and integrity in meeting the needs of the Company. The Board advocates the promotion of fair participation and equal opportunity in embracing a spirit of inclusion for all individuals of the right caliber.

Datin Chan Heng Si was appointed as an Executive Director and Chief Operating Officer with effect from 30 November 2018.

PRINCIPLE A:
BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

III. REMUNERATION

Directors' Remuneration

The NRC reviews and recommends to the Board the remuneration packages and other terms of employment of the executive directors. The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The determination of the remuneration for the Non-Executive Directors will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decision in respect of his individual remuneration package. The Board recommends the Directors' fees payable to Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM.

The details for the remuneration and fees paid to Directors for the financial year ended 31 December 2018 is set out as below:-

Group		Company					
Directors	**Emoluments**	**Salaries**	**Fees**	**BIK**	**Statutory Contribution**	**Meeting Allowance**	**Total**
	RM	RM	RM	RM	RM	RM	RM
Executive Directors							
Dato' (Dr.) Teoh Seng Foo	-	250,000	-	-	16,796	-	266,796
Dato' Teoh Seng Kian	-	500,000	-	-	66,847	-	566,847
[1] An Siew Chong	-	346,500	-	-	44,769	-	391,269
[3] Dato' Yap Ting Hau	-	-	-	-	-	-	-
[5] Datin Chan Heng Si	-	-	-	-	-	-	-
Non-Executive Directors							
Dato' Seri Dr. Mohd Ariff Bin Araff	-	-	75,000	-	-	14,000	89,000
Chin Wing Wah	-	-	50,000	-	-	13,000	63,000
[2] Ooi Giap Ch'ng	-	-	37,500	-	-	12,000	49,500
[4] Leong Yeng Kit	-	-	8,333	-	-	2,000	10,333
[5] Karlson Goh Kar Sheng	-	-	4,167	-	-	-	4,167

[1] Resigned on 30 November 2018
[2] Resigned on 31 October 2018
[3] Appointed on 13 June 2018
[4] Appointed on 31 October 2018
[5] Appointed on 30 November 2018

PRINCIPLE B:
EFFECTIVE AUDIT AND RISK MANAGEMENT

I. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges its responsibility to maintain a sound system of internal control and risk management practices within the Group. A sound system of internal control is important to safeguard the shareholders' investment and the Group's assets.

The Board's responsibility includes the establishment of appropriate control and framework as well as reviewing the adequacy and integrity of the system in managing the Group's business risks.

A Register of Risk and a Risk Management Handbook had been prepared as part of the Risk Management Process. The purpose of the Register of Risk is to identify principal business risk and update changes in risk profile. The Risk Management Handbook summarized the risk management methodology, approach, processes, roles and responsibilities, and various risk management concept. The respective risk owners are responsible to identify the risks and ensure that adequate control systems are implemented to mitigate and control the risks faced by Group.

The Group has outsourced its internal audit function. Currently the outsourced internal auditor is NGL Tricor Governance Sdn. Bhd. ("Tricor"), an independent professional service firm to perform systematic review of the internal control system of the Group.

The internal auditor reports directly to the Audit Committee. The Audit Committee is chaired by an Independent Non-Executive Director and its members comprising Non-Executive Directors.

Further information on the Group's risk management and internal control framework is made available on the Statement of Risk Management and Internal Control of the Annual Report.

PRINCIPLE C:
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Group recognizes the importance of disseminating relevant and material information on the development of the Group. The Group places strong emphasis on the importance of timely and equitable dissemination of information to shareholders and stakeholders. All sensitive and material information about the Group will be released publicly through press release, regulatory filling like release of quarterly results and announcement to Bursa Malaysia.

The Company's website at www.meda.com.my also provides easy access to the investors and general public on up-to-date corporate announcements, quarterly financial results, annual reports and where appropriate, circulars and press releases and other information pertaining to the Group.

II. CONDUCT OF GENERAL MEETINGS

The Board regards the General Meetings as an opportunity to communicate directly with shareholders and stakeholders and encourages attendance and participation in dialogue. The Board view the General Meetings as a platform to engage with its shareholders as well as to address their concerns. All Directors will be present at General Meetings to answer questions raised by shareholders.

The notice of the coming AGM in 2019 was provided to shareholders on 29 April 2019 for AGM to be held on 28 May 2019, which is at least 28 days' notice period to provide shareholders with adequate time to consider the proposed resolutions to enable the shareholders to make informed decisions in exercising their voting rights.

The location of the General Meeting is being held at Kuala Lumpur where the location is in the city area and accessible via public transport.

STATEMENT OF DIRECTOR’ RESPONSIBILITIES

IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are legally required to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the financial position of the Group and the Company at the end of the financial year end of the financial performance and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have used appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgement and estimates, and that all accounting standards which they consider applicable have been followed during the preparation of the financial statements.

The Directors are responsible for ensuring that the Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with applicable approved accounting standards.

The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group, and to detect and prevent fraud and other irregularities.

AUDIT COMMITTEE REPORT

MEMBERSHIP AND MEETINGS

The Audit Committee had five (5) meetings during the financial year ended 31 December 2018. The members of the Audit Committee and the record of their attendances are as follow:

Composition of Audit Committee Members	Number of Audit Committee Meetings		
	Held	Attended	%
Chin Wing Wah – Chairman	5	5	100
Ooi Giap Ch'ng (Resigned w.e.f. 31.10.2018)	4	4	100
Dato' Seri Dr. Mohd Ariff Bin Araff	5	5	100
Leong Yeng Kit (Appointed w.e.f. 31.10.2018)	1	1	100

The Chief Operating Officer, Group Accountant and Internal Auditors attended the meetings to brief the Audit Committee on the activities involving their areas of responsibilities.

The external auditors were present at three (3) Audit Committee meetings during the financial year. The Audit Committee met twice with representatives of the external auditors separately, without the presence of the management.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Audit Committee's activities during the financial year 2018 comprised the following :-

1. **Financial Reporting**

In overseeing the Group's financial reporting the Audit Committee ("AC") had reviewed the unaudited quarterly and annual financial results. The chronological details of the review conducted were as follows :-

a. The AC reviewed the fourth quarter unaudited financial results for the financial year ("FY") 2017 at its meeting held on 23 February 2018.

b. The AC reviewed the annual audited financial statements of Meridian Group for FY 2017 together with the Statement of Directors' Responsibility and took note of the Report to Audit Committee from the external auditor, Messrs Baker Tilly Monteiro Heng PLT at its meeting held on 5 April 2018.

c. The unaudited quarterly financial results for the first quarter, second quarter and third quarter for FY 2018 were reviewed at the AC meetings held on 25 May 2018, 23 August 2018 and 26 November 2018 respectively.

d. Reviewed pertinent issues of the Group, which had a significant impact on the results of the Group.

This includes the review on the announcements of the financial results to Bursa Malaysia Securities Bhd ("Bursa Malaysia") prior to recommending to the Board for approval. The review was conducted to ensure that the financial reporting and disclosure were in compliance with :-

- Provisions of the Companies Act 2016;
- Main Market Listing Requirements ("MMLR") of Bursa Malaysia;
- Applicable approved accounting standards in Malaysia; and
- Other legal and regulatory requirements.

The AC review also focused on any changes to accounting policies, practices and significant audit adjustments. The review and discussion by AC were carried out together with Managing Director, Chief Operating Officer, Finance Manager and Group Accountant.

2. **Risks and Controls**

The AC evaluated the overall adequacy and effectiveness of the system of internal controls through review of the work performed by both internal and external auditors as well as discussions with the management. The AC in its meeting held on 5 April 2018 reviewed and recommended the Statement of Risk Management and Internal Control and Statement on Corporate Governance for publication in the 2017 Annual Report of the Company to the Board for approval.

3. **External Audit**

a. The AC deliberated with the external auditors the results of the audit of the annual audited financial statements for the financial year ended 31 December 2017 and their Report to the Audit Committee and the management responses at its meeting held on 5 April 2018.

b. The AC reviewed and approved the Annual Audit Planning Memorandum with the external auditors including their terms of engagement and scope of work for the statutory audit for FY 2018 at its meeting held on 26 November 2018.

During the meeting, the external auditors affirmed that Messrs Baker Tilly Monteiro Heng PLT and all members of its engagement team have maintained their independence in accordance with the provisions of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA").

In tandem with the recommendation of the Code 2017, the AC has also obtained written assurance from the external auditors confirming their independence in the Annual Audit Planning Memorandum, Audit Review Memorandum and Audit Engagement Letter.

c. Meridian's Policies and Procedures on Auditor Independence states that the lead audit engagement and concurring partners of Meridian be subject to a five year rotation with a two year cooling off period. Mr. Ng Boon Hiang is the lead audit engagement partner since FY 2016 audit.

In this aspect, the AC carries out an annual review of the performance of the External Auditors, including assessment of their independence in performing their obligations. Based on the annual evaluation of their performance and audit fees, the AC was satisfied with the External Auditors' technical competency and independence for 2018. With that, the AC further recommended to the Board the reappointment of the External Auditors for 2019.

d. The AC reviewed the terms of engagement for the external auditors in respect of the review of the Directors' Statement on Risk Management and Internal Control for the financial year ended 31 December 2018 during its meeting held on 16 April 2019.

e. The AC reviewed the non-audit services provided by the external auditors. During the year under review, the Company engaged the external auditor for several non-audit works. Details of the non-audit fees incurred by the Company for the financial year ended 31 December 2018 are stated in the Additional Compliance Information of this Annual Report.

f. The AC held bi-annual meetings with the external auditors without the management presence on two (2) separate occasions which were on 23 February 2018 and 5 April 2018.

4. **Internal Audit**

a. The AC reviewed and approved Meridian's Internal Audit Plans and ensured that the principal risks, key entities and functions were adequately identified and covered in the plan. The AC approved the 2018 Internal Audit Plans at its meeting held on 23 February 2018 and 26 November 2018 respectively.

b. The AC reviewed the internal audit reports presented by internal auditors to AC meetings held. The scope of the internal auditor's function for FY 2018 covered the areas regarding compliance mainly on the Internal Control system on the terms of Related Party Transactions of the Group. The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Group governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the stated goals and objectives. This includes:

- Evaluating risk exposure relating to achievement of the Group's strategic objectives;
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information;
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the Group;
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Evaluating the effectiveness and efficiency with which resources are employed;
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned;
- Monitoring and evaluating governance processes;
- Monitoring and evaluating the effectiveness of the Group's risk management processes;
- Evaluating the quality of performance of external auditors and the degree of coordination with internal audit;
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the Group;
- Reporting periodically on the internal audit function's purpose, authority, responsibility, and performance relative to its plan;
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Audit Committee;
- Evaluating specific operations at the request of the Audit Committee or management, as appropriate;
- Performing follow-up review to determine the implementation status of agreed action plans from previous internal audit reports. Follow-up reviews shall be performed six (6) months after delivery of an internal audit report.

The internal audit function also performed the follow-up on the status of implementation of recommendations made for reporting to the Audit Committee and management.

c. The AC at its meeting on 16 April 2019 reviewed and recommended the Audit Committee Report to the Board for approval prior to inclusion in the 2018 Annual Report of the Company.

5. Related Party Transactions ("RPT")

The AC reviewed the recurrent related party transactions ("RRPT") or RPT of the Group and possible conflict of interest transaction to ensure compliance with the MMLR and that they were not favourable to the related parties than those generally available to the public and were not detrimental to minority shareholders.

6. Others

The AC members attended the relevant trainings and continuing education programs during the financial year under review. The details of the trainings attended are set out in the Annual Report.

TRAINING

Listed below are the trainings, which the members attended to keep abreast of latest developments:

Training Programme / Course	Date
“Malaysian Code of Corporate Governance” Bursa Malaysia	01.03.2018
ACCU Conference “Networking with new Digital Technology”	14.09.2018 - 15.09.2018
CEPSI Conference on Exhibition and Delegate	19.09.2018 - 21.09.2018
2018 Post-Budget Tax Seminar	08.11.2018

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The internal audit function of the Group is outsourced to independent consulting firm. The independent consulting firm acts as internal auditor and reports directly to the Audit Committee. The internal auditor has undertaken independent and systematic reviews of the system of internal controls to provide reasonable assurance that such system continues to operate effectively and efficiently. In attaining such objectives, the following activities carried out by internal auditor in 2018:-

a) Reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the major subsidiaries and recommended possible improvements to the internal control process;

b) Ascertained the extent of compliance with established policies, procedures and statutory requirements;

c) Appraised the policies, procedures and management control to ensure that the activities were properly managed and to promote effective controls at reasonable cost;

d) Identified opportunities to improve the operations and processes within the Group;

e) Recommended improvements to the existing systems of controls to minimize wastage, extravagance and fraud and to enhance efficiencies by way of issuing audit reports to the appropriate level of management capable of achieving satisfactory results and ensured corrective actions were taken; and

f) Follow-up visits carried out to ensure weaknesses identified have been or are being addressed. Periodic audit reports and status report on follow up actions were tabled to the Audit Committee and Board during the meetings.

The total cost incurred by the Internal Audit Department in relation to the conduct of the internal audit functions of the Group during the FY 2018 amounted to RM20,000.00.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") is pleased to provide the following Statement on Risk Management and Internal Control, which outlines the features of internal controls within Meridian and its subsidiaries ("the Group") to safeguard shareholders' investment and Group's assets for the financial year ended 31 December 2018. This disclosure on the Group's state of internal controls fulfils Chapter 15.26 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), Malaysian Code on Corporate Governance 2017 ("Code 2017") and "Statement on Internal Control and Risk Management: Guidelines for Directors of Listed Issuers".

RESPONSIBILITY

The Board acknowledges its responsibility to maintain a sound system of internal control and risk management practices within the Group in accordance with the Code 2017. The Board's responsibility includes the establishment of appropriate control and framework as well as reviewing the adequacy and integrity of the system in managing the Group's business risks. A sound system of internal control is important to safeguard the shareholders' investment and the Group's assets. The system of internal control, due to its inherent limitations, is designed to manage and control risk rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement or loss or the occurrence of unforeseeable circumstances.

RISK MANAGEMENT

The Board confirms that there is an on-going process of identifying, assessing and responding to risks to achieve the objectives of the Group for the financial year under review. The process is in place for the year under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

A Register of Risk and a Risk Management Handbook had been prepared as part of the Risk Management Process. The purpose of the Register of Risk is to identify principal business risk and update changes in risk profile. The Risk Management Handbook summarized the risk management methodology, approach, processes, roles and responsibilities, and various risk management concept. The respective risk owners are responsible to identify the risks and ensure that adequate control systems are implemented to mitigate and control the risks faced by Group.

The risk identification process involving reviewing and identifying the potential risk exposure which arising from changes in both external business environment and operation conditions. The risk measurement guidelines comprise the financial and non-financial qualitative measures of risk consequences based on the risk likelihood rating and risk impact rating.

The management has been vested the responsibility for managing risks and internal controls associated with the operations of the Group and for ensuring compliance with the applicable laws and regulations. Any significant issues and controls implemented were discussed at management meetings and quarterly Audit Committee meetings.

The key elements of the Group's risk management framework include:

- Senior executive management team to identify and evaluate all present and potential risks faced by subsidiaries of the Group, and to formulate actions plans to manage or mitigate those identified risks.
- Determine the risk appetite for subsidiaries of the Group and ensure that risks are managed and maintained at acceptable levels.
- Continuous monitoring of existing as well as new business activities taking into changes in the business environment to update key risks and reviewing the appropriateness of the mitigation action plans.
- The Risk Management Committee comprises of Managing Director, Chief Operating Officer, an Independent Non-Executive Director update the Board on the Group's risk profile and report of any new significant risks at the quarterly Audit Committee meeting.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The control environment of the Group comprises the following elements:

- Group Vision and Mission which are communicated to employees;
- Human resource policy and management system with defined authorities and responsibilities as well as segregation of duties;
- The Group's organization structure that is aligned to business and operational requirements;
- Board participation at the macro perspective in the performance monitoring of all divisions under the Group;
- Emphasize on the quality and competency of employees through continuing education, training and development schemes and programme;
- Delegation of responsibilities to committees of the Board, management and subsidiaries including authorization levels for all aspects of business;
- Budgeting process with approval both at the respective subsidiaries level and by the key personnel management;
- Proper identification of accountabilities and segregation of duties in terms of purchases of goods and services and capital expenditure for each level of management within the Group;
- Operational meeting which involves the Managing Director and the Chief Operating Officer and key management team, are held in order to identify and address any problems encountered by the Group for adequate actions to be taken;
- An internal audit function carries out internal audit review to ascertain the adequacy of and to monitor the effectiveness of operational and financial procedures. The internal audit also reviews and assesses risks faced by the Group and reports directly to the Audit Committee;
- Reporting of financials, operations and legal issues to the Board on a quarterly basis;
- Regular internal audit visits to monitor compliance with policies and procedures to assess the integrity of both financial and non-financial information provided; and
- Follow-up visits are then subsequently conducted by the internal auditor to ensure proper implementation of agreed action plans by the respective process owners.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional service firm to perform systematic review of the risk management and internal control system of the Group. The Audit Committee acknowledges that an independent and adequately resourced internal audit function is required to provide assurance on the adequacy and effectiveness of the internal control system in addressing the risk identified. The internal auditor reports directly to the Audit Committee which is chaired by an Independent Non-Executive Director and its members comprise of Non-Executive Directors.

During the financial year, the internal auditor reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the key subsidiaries and recommended possible improvements to the internal control systems. This is to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group. Follow-up visits were also carried out to ensure weaknesses identified have been or are being addressed. Periodic audit reports and status report on follow up actions were tabled to the Audit Committee and Board during the meeting. For the financial year ended 31 December 2018, RM20,000.00 was incurred for the outsourced internal audit function.

The Board continuously takes measures to strengthen the internal control environment. For the financial period under review, there were no material losses, incurred as a result of weaknesses in the internal control system that would require disclosure in this Annual Report. The Board will continue to improve and enhance the existing system of internal control to ensure its adequacy and relevance in safeguarding the shareholders' interests and the Group's assets.

For the financial year ended 31 December 2018, the following Companies were audited by internal auditor: -

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
Feb 2018 – Aug 2018	October 2018	Meridian Berhad and Group of Subsidiaries of Related Party Transactions	Internal Control System on Terms
Jun 2017 – Nov 2017	February 2018	Maju Puncakbumi Sdn Bhd	Project Management – Execution Process of Maju Puncakbumi Sdn Bhd

ASSURANCE FROM THE MANAGEMENT

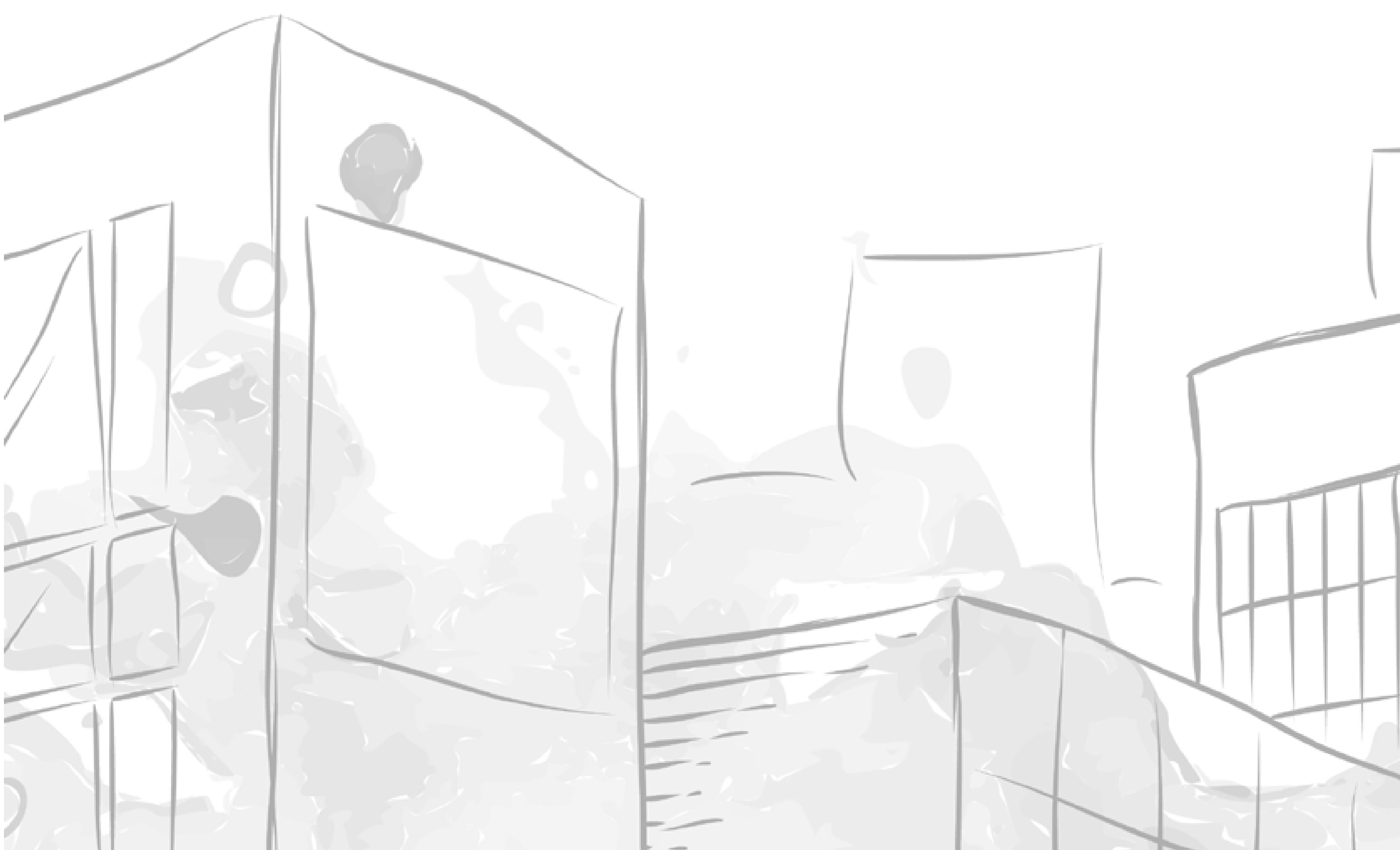
The Board had received assurance from the Managing Director and Chief Operating Officer that the Group's risk management and internal control is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the annual report for the financial year ended 31 December 2018 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

CONCLUSION

The Board will continually evaluate and takes measures to strengthen the internal control systems. This statement is made in accordance with the minutes of the Board of Directors Meeting held on 16 April 2019.



OTHER INFORMATION

AUDIT AND NON-AUDIT FEES

The Audit and Non-Audit Fees incurred for services rendered by external auditors, Messrs Baker Tilly Monteiro Heng PLT to the Company and to the Group for the financial year ended 31 December 2018 are as follows:-

Auditors	Company (RM'000)	Group (RM'000)
Audit (inclusive the review of other information in the Annual Report)	95	243
Non-Audit	-	-
- review of Statement of Risk Management & Internal Control	7	7

MATERIAL CONTRACTS

Other than as disclosed in Note 28 Related Parties, there were no material contracts subsisting as at 31 December 2018 or if not then subsisting, entered into since the end of the previous financial year by the Company or its subsidiaries which involved the interests of Directors or substantial shareholders.

UTILISATION OF PROCEEDS

The Company did not implement any fund raising exercise during the year.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

On 19 September 2018, the Company obtained a shareholders' mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("RRPT") with related parties. The aggregate value of recurrent transactions entered into by the Group during the financial year was as follows:

Company in the Group involved in the RRPT	Related Parties	Nature of Transactions	Interested Related Parties	Transacted values for the financial year
M101 Bukit Bintang Sdn. Bhd.	Dato' Yap Ting Hau and Datin Chan Heng Si	Construction and interior designing works	Dato' Yap Ting Hau and Datin Chan Heng Si	RM4,950,000

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.

CHANGE OF NAME

The Company changed its name from Meda Inc. Berhad to Meridian Berhad on 5 March 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year, net of tax		
- Continuing operations	(23,460)	(56,501)
- Discountinued operation	132	-
	(23,328)	(56,501)
Attributable to:		
Owners of the Company	(23,328)	(56,501)
Non-controlling interests	-	-
	(23,328)	(56,501)

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 AND 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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

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

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

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.

WARRANTS

Warrants A

By virtue of a Deed Poll executed on 11 August 2011 for the 80,000,000 Warrants A issued in connection with a Private Placement, each Warrants A entitles the registered holder the right at any time during the exercise period to subscribe in cash for 1 new ordinary share at an exercise price of RM0.50 each and will be expiring on 15 August 2021.

During the financial year, no Warrants A was exercised.

Warrants B

By virtue of a Deed Poll executed on 23 March 2012 for the 114,021,616 free warrants ("Warrants B") issued in connection with the bonus issue, each Warrants B entitles the registered holder the right at any time during the exercise period to subscribe in cash for 1 new ordinary share at an exercise price of RM0.60 each at a step-up mechanism whereby the exercise price will be adjusted upwards by RM0.10 at the expiry of every 2 anniversary years from the date of issuance on the basis of 1 free warrant for every 4 existing shares held and will expire on 23 April 2022.

During the financial year, no Warrants B was exercised.

Warrants C

By virtue of a Deed Poll executed on 7 August 2014 for the 48,421,408 free new detachable warrants ("Warrants C") pursuant to the free warrants issued, each Warrants C entitles the registered holder the right at any time during the exercise period to subscribe in cash for 1 new ordinary share at an exercise price of RM0.80 per ordinary shares each from the date of issuance on the basis of 1 free warrant for every 10 existing shares held and will expire on 24 August 2024.

During the financial year, no Warrants C was exercised.

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 31 December 2018, the Company held 9,563,400 treasury shares out of its 492,555,292 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM5,842,530 and further details are disclosed in Note 13 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Dato' (Dr.) Teoh Seng Foo*	
Dato' Teoh Seng Kian*	
Dato' Yap Ting Hau*	(Appointed on 13.6.2018)
Datin Chan Heng Si	(Appointed on 30.11.2018)
Leong Yeng Kit	(Appointed on 31.10.2018)
Karlson Goh Kar Sheng	(Appointed on 30.11.2018)
Dato' Seri Dr. Mohd Ariff Bin Araff	
Chin Wing Wah	
Ooi Giap Ch'ng	(Resigned on 31.10.2018)
An Siew Chong*	(Resigned on 30.11.2018)

* 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:

Khoo Kok Hoi	
Lo Chong Yip	
Khalid Bin Yusof	
Othman Bin Merah	(Resigned on 12.02.2019)
Dato' Sri Khairudin Bin E.S. Abd. Samad	(Appointed on 11.02.2019)

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/ Date of Appointment	Bought	Sold	At 31.12.2018
The Company				
Direct interests				
Dato' (Dr.) Teoh Seng Foo	20,210,000	–	(18,141,600)	2,068,400
Dato' Teoh Seng Kian	54,346,324	–	(5,000,000)	49,346,324
Chin Wing Wah	4,015,200	–	(3,240,000)	775,200
Dato' Yap Ting Hau	45,552,131	23,806,376	–	69,358,507
Indirect interests				
Dato' (Dr.) Teoh Seng Foo #	6,128,000	–	–	6,128,000
Dato' Yap Ting Hau *	77,586,692	–	–	77,586,692
Datin Chan Heng Si ^	146,945,199	–	–	146,945,199

	Number of Warrants A Issued Pursuant To Deed Poll Executed on 11 August 2011			
	At 1.1.2018/ Date of Appointment	Bought	Sold	At 31.12.2018
The Company				
Direct interests				
Dato' (Dr.) Teoh Seng Foo	867,700	–	–	867,700
Dato' Teoh Seng Kian	2,373,700	–	–	2,373,700
Chin Wing Wah	580,000	–	–	580,000
Indirect interests				
Dato' (Dr.) Teoh Seng Foo #	893,300	–	–	893,300

	Number of Warrants B Issued Pursuant To Deed Poll Executed on 23 March 2012			
	At 1.1.2018/ Date of Appointment	Bought	Sold	At 31.12.2018
The Company				
Direct interests				
Dato' (Dr.) Teoh Seng Foo	5,687,500	–	–	5,687,500
Dato' Teoh Seng Kian	2,501,500	–	–	2,501,500
Indirect interests				
Dato' (Dr.) Teoh Seng Foo #	1,532,000	–	–	1,532,000

DIRECTORS' INTERESTS *cont'd*

Interest in the Company

	Number of Warrants C Issued Pursuant To Deed Poll Executed on 7 August 2014			
The Company	**At 1.1.2018/ Date of Appointment**	**Granted**	**Exercised/ (Sold)**	**At 31.12.2018**
Direct interests				
Dato' (Dr.) Teoh Seng Foo	2,243,000	-	-	2,243,000
Dato' Teoh Seng Kian	5,658,032	-	-	5,658,032
Chin Wing Wah	102,020	-	-	102,020
Indirect Interests				
Dato' (Dr.) Teoh Seng Foo #	612,800	-	-	612,800

\# *Indirect interest held through his spouse.*

* *Indirect interest held through M101 Ventures Sdn. Bhd.*

^ *Indirect interest held through M101 Ventures Sdn. Bhd. and spouse.*

By virtue of their interests in the ordinary shares of the Company and pursuant to the Section 8 of the Companies Act 2016 in Malaysia, Dato' Yap Ting Hau and Datin Chan Heng Si are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 23 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 other than any deemed benefit which may arise from transactions as disclosed in Note 28 to the financial statements.

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, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Company were RM2,000,000 and RM10,000 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 32 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 33 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 23 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

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:

DATO' TEOH SENG KIAN
Director

DATIN CHAN HENG SI
Director

Date: 25 April 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Group			Company		
		31.12.2018	31.12.2017 Restated	1.1.2017 Restated	31.12.2018	31.12.2017	1.1.2017
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	5	22,831	24,775	41,863	88	153	172
Investment properties	6	95,124	95,054	87,842	–	–	–
Inventories	7	47,995	51,725	51,135	–	–	–
Investments in subsidiaries	8	–	–	–	69,583	119,604	119,604
Total non-current assets		165,950	171,554	180,840	69,671	119,757	119,776
Current assets							
Inventories	7	42,609	46,513	50,980	–	–	–
Trade and other receivables	9	18,498	41,399	55,609	76,165	82,950	84,680
Prepayments		2	47	62	–	–	–
Contract assets	10	–	–	2,551	–	–	–
Current tax assets		642	1,204	1,204	–	–	–
Cash and short-term deposits	11	1,826	3,319	4,197	46	41	20
Total current assets		63,577	92,482	114,603	76,211	82,991	84,700
TOTAL ASSETS		229,527	264,036	295,443	145,882	202,748	204,476

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 *cont'd*

	Note	Group			Company		
		31.12.2018 RM'000	31.12.2017 Restated RM'000	1.1.2017 Restated RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
EQUITY AND LIABILITIES							
Equity attributable of owners of the Company							
Share capital	12	258,186	258,186	246,278	258,186	258,186	246,278
Share premium	12	–	–	11,908	–	–	11,908
Treasury shares	13	(5,843)	(5,843)	(5,843)	(5,843)	(5,843)	(5,843)
Warrants reserve	14	8,889	8,889	8,889	8,889	8,889	8,889
Revaluation reserve	15	6,054	6,054	6,054	–	–	–
Accumulated losses		(149,321)	(125,993)	(117,168)	(122,168)	(65,667)	(66,644)
TOTAL EQUITY		117,965	141,293	150,118	139,064	195,565	194,588
Non-current liabilities							
Loans and borrowing	16	12,847	26,556	30,420	–	–	–
Deferred tax liabilities	17	4,064	4,064	3,711	–	–	–
Other payable	18	13,679	–	–	–	–	–
Total non-current liabilities		30,590	30,620	34,131	–	–	–
Current liabilities							
Trade and other payables	18	46,499	61,843	65,710	6,818	7,183	9,888
Contract liabilities	10	71	3,011	17	–	–	–
Provisions	19	4,177	1,209	3,679	–	–	–
Loans and borrowings	16	25,363	20,937	37,490	–	–	–
Current tax liabilities		4,862	5,123	4,298	–	–	–
Total current liabilities		80,972	92,123	111,194	6,818	7,183	9,888
TOTAL LIABILITIES		111,562	122,743	145,325	6,818	7,183	9,888
TOTAL EQUITY AND LIABILITIES		229,527	264,036	295,443	145,882	202,748	204,476

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM'000	2017 Restated RM'000	2018 RM'000	2017 RM'000
Continuing operations					
Revenue	20	12,946	19,005	–	–
Cost of sales	21	(15,406)	(23,453)	–	–
Gross loss		(2,460)	(4,448)	–	–
Other income		1,674	22,429	26	2,269
Distribution expenses		(9)	(355)	–	–
Administrative expenses		(10,943)	(13,308)	(780)	(1,292)
Net impairment losses of financial assets		(5,747)	–	(5,726)	–
Other expenses		(2,026)	(12,962)	(50,021)	–
Operating (loss)/profit		(19,511)	(8,644)	(56,501)	977
Finance costs	22	(3,404)	(4,512)	–	–
(Loss)/Profit before tax	23	(22,915)	(13,156)	(56,501)	977
Income tax expense	24	(545)	(353)	–	–
(Loss)/Profit for the financial year from continuing operations		(23,460)	(13,509)	(56,501)	977
Profit for the financial year from discontinued operation, net of tax	25	132	4,684	–	–
		(23,328)	(8,825)	(56,501)	977
Other comprehensive income		–	–	–	–
Total comprehensive (loss)/income for the financial year		(23,328)	(8,825)	(56,501)	977

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 *cont'd*

	Note	Group		Company	
		2018	2017 Restated	2018	2017
		RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to:					
Owners of the Company					
- From continuing operations		(23,460)	(13,509)	(56,501)	977
- From discontinued operation		132	4,684	-	-
Non-controlling interests		-	-	-	-
		(23,328)	(8,825)	(56,501)	977
Total comprehensive (loss)/income attributable to:					
Owners of the Company					
- From continuing operations		(23,460)	(13,509)	(56,501)	977
- From discontinued operation		132	4,684	-	-
Non-controlling interests		-	-	-	-
		(23,328)	(8,825)	(56,501)	977
Basic (loss)/earnings per share (sen)	26(i)				
- From continuing operations		(4.76)	(2.74)		
- From discontinued operation		0.03	0.95		
		(4.73)	(1.79)		
Diluted (loss)/earnings per share (sen)	26(ii)				
- From continuing operations		(4.76)	(2.74)		
- From discontinued operation		0.03	0.95		
		(4.73)	(1.79)		

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						
			Non-distributable					
	Note	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Revaluation Reserve RM'000	Treasury Shares RM'000	Accumulated Losses RM'000	Total Equity RM'000
Group								
At 1 January 2017		246,278	11,908	8,889	6,054	(5,843)	(117,168)	150,118
Total comprehensive loss for the financial year								
Loss for the financial year		-	-	-	-	-	(8,825)	(8,825)
Total comprehensive loss		-	-	-	-	-	(8,825)	(8,825)
Transition to no-par value regime	12	11,908	(11,908)	-	-	-	-	-
At 31 December 2017		258,186	-	8,889	6,054	(5,843)	(125,993)	141,293
Total comprehensive loss for the financial year								
Loss for the financial year		-	-	-	-	-	(23,328)	(23,328)
Total comprehensive loss		-	-	-	-	-	(23,328)	(23,328)
At 31 December 2018		258,186	-	8,889	6,054	(5,843)	(149,321)	117,965

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		← *Attributable to owners of the Company* →					
		Non-distributable					
	Note	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Treasury Shares RM'000	Accumulated Losses RM'000	Total Equity RM'000
Company							
At 1 January 2017		246,278	11,908	8,889	(5,843)	(66,644)	194,588
Total comprehensive income for the financial year		-	-	-	-	977	977
Transition to no-par value regime	12	11,908	(11,908)	-	-	-	-
At 31 December 2017		258,186	-	8,889	(5,843)	(65,667)	195,565
Total comprehensive loss for the financial year		-	-	-	-	(56,501)	(56,501)
At 31 December 2018		258,186	-	8,889	(5,843)	(122,168)	139,064

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 Restated RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax:					
- Continuing operations		(22,915)	(13,156)	(56,501)	977
- Discontinued operation	25	132	4,944	–	–
		(22,783)	(8,212)	(56,501)	977
Adjustments for:					
Bad debts written off		–	124	–	–
Bad debts recovered		–	(699)	–	–
Depreciation for property, plant and equipment		1,935	2,999	65	74
Forfeiture income		–	(2,059)	–	(2,059)
Gain on disposal of property, plant and equipment		(256)	(5,215)	–	–
Impairment losses on trade and other receivables		6,018	–	5,726	–
Impairment losses on investment in subsidiaries		–	–	50,021	–
Interest expenses		3,404	4,512	–	–
Interest income		(38)	(292)	–	(210)
Inventories written down		–	38	–	–
Net gain arising from fair value adjustment of investment properties		(70)	(6,972)	–	–
Property, plant and equipment written off		–	642	–	–
Reversal of impairment losses for trade receivables no longer required		(271)	–	–	–
Provision for litigation claims		3,083	273	–	–
Reversal of provision for liquidated and ascertained damages		(115)	(115)	–	–
Reversal of provision for onerous contracts		–	(2,471)	–	–
Reversal of provision for foreseeable losses		–	(157)	–	–
Waiver of debts received		–	–	(26)	–
Operating cash flows before changes in working capital, carried forward		(9,093)	(17,604)	(715)	(1,218)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 *cont'd*

		Group		Company	
	Note	2018	2017 Restated	2018	2017
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (continued)					
Operating cash flows before changes in working capital, brought forward		(9,093)	(17,604)	(715)	(1,218)
Changes in working capital:					
Contract customers		(2,940)	5,562	–	–
Inventories		7,634	4,189	–	–
Receivables		17,199	27,100	854	(655)
Payables		(15,344)	(1,260)	18	612
Net cash (used in)/generated from operations		(2,544)	17,987	157	(1,261)
Interest paid		(1,234)	(1,483)	–	–
Interest received		38	292	–	210
Tax paid		(244)	–	–	–
Net cash (used in)/from operating activities		(3,984)	16,796	157	(1,051)
Cash flows from investing activities					
(Advances to)/repayment from subsidiaries		–	–	(152)	1,127
Addition in land under property development		–	(590)	–	–
Proceeds from disposal of property, plant and equipment		265	6,614	–	–
Purchase of property, plant and equipment		–	(252)	–	(55)
Net cash from/(used in) investing activities		265	5,772	(152)	1,072
Cash flows from financing activities					
Advances from a related company		13,679	–	–	–
Interest paid		(2,170)	(3,029)	–	–
Net repayment to:					
- bank loans		(6,051)	(12,937)	–	–
- finance lease liabilities		(169)	(422)	–	–
- revolving working capital financing		(2,906)	(6,772)	–	–
Net cash from/(used in) financing activities		2,383	(23,160)	–	–
Net change in cash and cash equivalents		(1,336)	(592)	5	21
Cash and cash equivalents at the beginning of the financial year		(10,417)	(9,825)	41	20
Cash and cash equivalents at the end of the financial year	11	(11,753)	(10,417)	46	41

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 *cont'd*

Reconciliation of liabilities arising from financing activities:

	Group			
	1 January 2018 RM'000	Cash flows RM'000	Non-cash item RM'000	31 December 2018 RM'000
Bank loans	30,247	(6,051)	-	24,196
Finance lease liabilities	604	(169)	-	435
Revolving working capital financing	2,906	(2,906)	-	-
	33,757	(9,126)	-	24,631

	Group			
	1 January 2017 RM'000	Cash flows RM'000	Non-cash item RM'000	31 December 2017 RM'000
Bank loans	43,184	(12,937)	-	30,247
Finance lease liabilities	1,026	(422)	-	604
Revolving working capital financing	9,678	(6,772)	-	2,906
	53,888	(20,131)	-	33,757

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Meridian Berhad *(formerly known as Meda Inc. Berhad)* ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company and the principal place of business are located at Suite 15.06, Plaza 138, Jalan Ampang, 50450 Kuala Lumpur.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 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 opted to adopt the short-term exemption from the requirement to restate the comparative information for MFRS 9 where the comparative information in the Group's and the Company's first MFRS financial statements need not comply with MFRS 7 *Financial Instruments: Disclosure* or the completed version of MFRS 9, to the extent that the disclosures required by MFRS 7 relate to items within the scope of MFRS 9. The date of transition to MFRS 7 and MFRS 9 is the beginning of the first MFRS reporting period (1 January 2018).

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, other than those as discussed below. The transition to the MFRS framework does not have any significant effect on the financial statements of the Group and of the Company except for those discussed below.

2. BASIS OF PREPARATION *cont'd*

2.2 Explanation of transition to MFRSs and change in accounting policy *cont'd*

(a) Transition to MFRSs *cont'd*

(i) MFRS 15 Revenue from Contracts with Customers

In the adoption of MFRS 15, the Group has adopted the practical expedients as permitted by MFRS 15.C5:

- for completed contracts, the Group does not restate contracts that:
  (i) begin and ends within the same annual reporting period; or
  (ii) are completed contracts at the beginning of the earliest period presented.

- For all reporting periods presented before the first MFRS reporting period, i.e. 1 January 2018, the Group does not disclose the amount of consideration allocated to the remaining performance obligations and an explanation of when the Group expects to recognise revenue.

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 has 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, except for those as discussed below.

(a) Presentation of contract assets and contract liabilities

The Group has changed the presentation of certain amounts in the statements of financial position to reflect the terminology of MFRS 15:
(i) Contract liabilities in relation to properties development contracts which were previously presented as progress billings as part of trade and other payables.
(ii) Contract (liabilities)/assets recognised in relation to construction contracts which were previously presented as part of amount due (to)/by contract customers.

(b) Presentation of land held for property development and property development costs

The Group has reclassified its land held for property development and property development costs for unsold units to inventories with separate disclosure of these balances have been made in the notes to the financial statements.

(ii) MFRS 9 Financial Instruments

(a) Classification and measurement

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

Loans and receivables classified as amortised cost

Trade, other receivables and other financial assets, including refundable deposits previously classified as Loans and Receivables under MFRS 139 as at 31 December 2017 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 2018.

2. BASIS OF PREPARATION *cont'd*

2.2 Explanation of transition to MFRSs and change in accounting policy *cont'd*

(a) Transition to MFRSs *cont'd*

(ii) MFRS 9 Financial Instruments *cont'd*

(a) Classification and measurement *cont'd*

In summary, the Group and the Company had the following required or elected reclassifications as at 1 January 2018:

MFRS 139 measurement category	RM'000	MFRS 9 measurement category Amortised cost RM'000
Financial assets		
Group		
Loans and receivables		
Trade and other receivables*	41,014	41,014
Cash and short-term deposits	3,319	3,319
	44,333	44,333
Company		
Loans and receivables		
Trade and other receivables	82,950	82,950
Cash and short-term deposits	41	41
	82,991	82,991
Financial liabilities		
Group		
Other financial liabilities		
Loans and borrowings	47,493	47,493
Trade and other payables ^	60,702	60,702
	108,195	108,195
Company		
Other financial liabilities		
Trade and other payables	7,183	7,183

** Excluded GST refundable*

^ Excluded GST payable

2. BASIS OF PREPARATION *cont'd*

2.2 Explanation of transition to MFRSs and change in accounting policy *cont'd*

(a) Transition to MFRSs *cont'd*

(ii) MFRS 9 Financial Instruments *cont'd*

(b) Impairment

In the 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.

(iii) MFRS 123 Borrowing Costs

In the previous financial years, under FRS framework, borrowing costs incurred on property under development were capitalised in property development costs. In March 2019, the IFRS Interpretations Committee ("IFRIC") has issued an agenda decision concluding that receivable, contract asset and inventory (work-in-progress) for unsold units under construction are not qualifying assets in relation to the construction of a residential multi-unit real estate development (building). Accordingly, an entity does not capitalised borrowing costs on those assets in accordance to the principle and requirements of IAS 23 *Borrowing Costs*. Upon adoption of MFRS framework, the Group changed its accounting policy of not capitalising borrowing costs incurred on property under development when the properties are ready for their intended sale in their current condition. The change in accounting policy was applied retrospectively from the date of transition as permitted in MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. The Group elected to apply the optional exemption to not restate the borrowing costs that were capitalised under FRS framework and that were included in the carrying amount of the assets at that date of transition and shall account for borrowing costs, incurred on or after that date in accordance with MFRS 123 *Borrowing Costs*, including those borrowing costs incurred on or after that date on qualifying assets already under construction.

The change in accounting policy does not have any significant impact to the financial statements of the Group.

2. BASIS OF PREPARATION *cont'd*

2.2 Explanation of transition to MFRSs and change in accounting policy *cont'd*

(b) (i) Statements of financial position

Group	Note	As previously reported (under FRSs) RM'000	Adjustments RM'000	As restated (under MFRSs) RM'000
At 1 January 2017				
Land held for property development	2.2(a)(i)(b)	51,135	(51,135)	-
Property development cost	2.2(a)(i)(b)	43,884	(43,884)	-
Inventories:				
- Property held for development	2.2(a)(i)(b)	-	51,135	51,135
- Property under development	2.2(a)(i)(b)	-	43,884	43,884
Contract assets	2.2(a)(i)(a)(ii)	-	2,551	2,551
Contract liabilities	2.2(a)(i)(a)(i)	-	(17)	(17)
Amount owing by contract customers	2.2(a)(i)(a)(ii)	2,551	(2,551)	-
Trade and other payables	2.2(a)(i)(a)(i)	(65,727)	17	(65,710)
At 31 December 2017				
Land held for property development	2.2(a)(i)(b)	51,725	(51,725)	-
Property development cost	2.2(a)(i)(b)	39,557	(39,557)	-
Inventories:				
- Property held for development	2.2(a)(i)(b)	-	51,725	51,725
- Property under development	2.2(a)(i)(b)	-	39,557	39,557
Contract liabilities	2.2(a)(i)(a)(ii)	-	(3,011)	(3,011)
Amount owing to contract customers	2.2(a)(i)(a)(ii)	(3,011)	3,011	-

Company

There is no difference between statement of financial position presented and statement of financial position under the FRSs.

(b) (ii) Reconciliation of equity

There is no difference between the restated statements of changes in equity presented and the statements of changes in equity presented under the FRSs.

(b) (iii) Reconciliation of statements of comprehensive income

There is no difference between the restated statements of comprehensive income presented and the statements of comprehensive income presented under the FRSs.

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

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

2. BASIS OF PREPARATION *cont'd*

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*
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019
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*
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	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
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investment in Associates and Joint Ventures	1 January 2019/ Deferred
MFRS 132	Financial Instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*
MFRS 140	Investment Property	1 January 2021#
New IC Int		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019

2. BASIS OF PREPARATION *cont'd*

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 *cont'd*

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 *(cont'd)*:

		Effective for financial periods beginning on or after
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 Contracts*

(a) 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 statements 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 statements of financial position except for short-term and low value asset leases.

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

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure pre-payable 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.

2. BASIS OF PREPARATION *cont'd*

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 *cont'd*

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 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

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 venture 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.

2. BASIS OF PREPARATION *cont'd*

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 *cont'd*

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.

(b) 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 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency at 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, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 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 to the financial statements.

2.6 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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

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

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 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 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 losses 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.

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.

Upon the loss of control of 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, joint venture 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.1 Basis of consolidation *cont'd*

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(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 and joint ventures 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, investments in subsidiaries are measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. 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 3.11(b) to the financial statements.

3.3 Financial instruments

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.3 Financial instruments *cont'd*

(a) Subsequent measurement

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

(i) Financial assets

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

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. There are two measurement categories into which the Group and the Company classify their debt instruments:

- **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 is in accordance with Note 3.11(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income (FVOCI)**

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.11(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.3 Financial instruments *cont'd*

(a) Subsequent measurement *cont'd*

The Group and the Company categorise the financial instruments as follows: *cont'd*

(i) Financial assets *cont'd*

Debt instruments *cont'd*

- **Fair value through profit or loss (FVPL)**

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

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 instrument-by-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 fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.3 Financial instruments *cont'd*

(a) Subsequent measurement *cont'd*

The Group and the Company categorise the financial instruments as follows: *cont'd*

(ii) Financial liabilities *cont'd*

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

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 liabilities 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 amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(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 is 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
(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.3 Financial instruments *cont'd*

(d) Derecognition *cont'd*

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.

3.4 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (except freehold land and buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition of measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

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. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16 to the financial statements.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.4 Property, plant and equipment *cont'd*

(b) Subsequent cost

The cost of replacing a 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 or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

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

All other property, plant and equipment are depreciated on straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are as follows:

Hotel buildings	2%
Buildings	2%
Leasehold land and buildings	2%
Renovation	10% - 33 1/3%
Furniture, fittings, office and other equipment	2.5% - 50%
Motor vehicles	20%
Show village and sales office	10% - 20%

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

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

(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.

3.5 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.5 Leases *cont'd*

(a) Lessee accounting *cont'd*

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 statements 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.

3.6 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.

Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16 to the financial statements.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

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:
- freehold and leasehold rights for land;
- amounts paid to contractors for construction; and
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, 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.

3.8 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 Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a) to the financial statements.

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.

3.9 Discontinued operation

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statements of comprehensive income is re-presented as if the operation has been discontinued from the start of the comparative period.

3.10 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits with a maturity of three months or less, that are readily convertible to known amount 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.11 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, contract assets or a loan commitment 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 and contract assets, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.11 Impairment of assets *cont'd*

(a) Impairment of financial assets and contract assets *cont'd*

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost 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;
- 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 assets in the statements 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, and investment properties measured at fair value) 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.

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

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.

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. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.12 Share capital

(a) Ordinary shares

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

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.13 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 and the Company.

(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.

3.14 Provisions

Provisions are recognised when the Group has 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.

(a) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The provision is measured at the lower of the present value of the expected cost of terminating the contract and the present value of the expected net cost of the continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.14 Provisions *cont'd*

(b) Legal claims

For lawsuit provisions, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advice of legal experts.

3.15 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. 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.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect 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 and the Company use 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 and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the standalone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

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. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.15 Revenue and other income *cont'd*

(a) Property development

The Group develops and sells residential 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 residential 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 over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

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.

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.

For residential properties, as part of the statutory requirements, the Group's obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent within a period of 24 months after the customer takes vacant possession of the building are recognised.

(b) Construction and renovation work contracts

The Group constructs and renovates residential and commercial properties under long-term contracts with customers. Construction service and renovation work contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the properties is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to-date bear to the estimated total construction costs (an input method).

Sales are made with a credit term of 30 days with no element of financing is deemed present. The Group becomes entitled to invoice customers for construction and renovation of residential and commercial properties based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to-date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to-date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.15 Revenue and other income *cont'd*

(c) Sale of fresh fruit bunches

Revenue from sales of fresh fruit bunches is the consideration receivable and is recognised in profit or loss upon delivery of goods and customers' acceptance.

(d) Collection from car park operations

Collection from car park operations is recognised on receipt basis except for season parking of which accrual basis is used.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease. Rental income from sub-leased properties are recognised as other income. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Inter-company sales are excluded from the revenue of the Group.

3.16 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs 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 begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

3.17 Taxes

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.17 Taxes *cont'd*

(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, 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 3.6 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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

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

3.18 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Executive Director and Chief Operating Officer of the Group, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the chief operating decision-makers that make strategic decisions.

3.20 Fair value measurements

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

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

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 and the Company 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.

There was no transfer between levels of the fair value hierarchy.

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 event(s) 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.

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) Provision

The Group uses a “best estimate” as the basis for measuring a provision. The directors evaluates the estimates based on the Group’s historical experience and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In measuring and recognising provisions related to pending litigation or other outstanding claims subject to negotiated settlement, a probability-weighted estimate of the outflows required to settle the obligations is used.

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

(b) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected losses rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group’s and the Company’s past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit loss is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets. The Group’s and the Company’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future.

The information about the expected credit losses on the Group’s and the Company’s financial assets are disclosed in Note 30(b)(i) to the financial statements.

(c) Fair value of investment properties

The Group carries its 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 valuers 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 location, accessibility, visibility, time, terrain, size, present market trends and other differences. 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 6 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2018	Freehold Land and Buildings RM'000	Leasehold Land and Buildings RM'000	Renovation RM'000	Furniture, Fittings, Office and Other Equipment RM'000	Motor Vehicles RM'000	Show Village and Sales Office RM'000	Total RM'000
Cost							
At 1 January 2018	5,500	25,002	1,476	2,863	1,633	838	37,312
Disposals	–	–	–	–	(977)	–	(977)
At 31 December 2018	5,500	25,002	1,476	2,863	656	838	36,335
Accumulated depreciation and impairment loss							
At 1 January 2018	339	7,241	831	1,851	1,437	838	12,537
Depreciation for the financial year	110	1,149	244	315	117	–	1,935
Disposals	–	–	–	–	(968)	–	(968)
At 31 December 2018	449	8,390	1,075	2,166	586	838	13,504
Carrying amount							
At 31 December 2018	5,051	16,612	401	697	70	–	22,831

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group	Freehold Land and Hotel Buildings RM'000	Freehold Land and Buildings RM'000	Leasehold Land and Buildings RM'000	Renovation RM'000	Furniture, Fittings, Office and Other Equipment RM'000	Motor Vehicles RM'000	Show Village and Sales Office RM'000	Total RM'000
2017								
Cost/valuation								
At 1 January 2017								
- At cost	–	5,500	25,002	3,717	14,498	1,790	838	51,345
- At valuation	13,000	–	–	–	–	–	–	13,000
	13,000	5,500	25,002	3,717	14,498	1,790	838	64,345
Additions	–	–	–	106	128	18	–	252
Disposals	(13,000)	–	–	(1,785)	(10,332)	(146)	–	(25,263)
Written-off	–	–	–	(562)	(1,431)	(29)	–	(2,022)
At 31 December 2017	–	5,500	25,002	1,476	2,863	1,633	838	37,312
Representing:								
- At cost	–	5,500	25,002	1,476	2,863	1,633	838	37,312
- At valuation	–	–	–	–	–	–	–	–
	–	5,500	25,002	1,476	2,863	1,633	838	37,312
Accumulated depreciation and impairment loss								
At 1 January 2017	178	229	6,091	2,369	11,506	1,271	838	22,482
Depreciation for the financial year	178	110	1,150	420	819	322	–	2,999
Disposals	(356)	–	–	(1,483)	(9,598)	(127)	–	(11,564)
Written-off	–	–	–	(475)	(876)	(29)	–	(1,380)
At 31 December 2017	–	339	7,241	831	1,851	1,437	838	12,537
Carrying amount								
At 31 December 2017								
- At cost	–	5,161	17,761	645	1,012	196	–	24,775
- At valuation	–	–	–	–	–	–	–	–
	–	5,161	17,761	645	1,012	196	–	24,775

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Company	Furniture, Fittings, Office and Other Equipment RM'000	Renovation RM'000	Total RM'000
2018			
Cost			
At 1 January 2018/31 December 2018	429	76	505
Accumulated depreciation			
At 1 January 2018	338	14	352
Depreciation for the financial year	50	15	65
At 31 December 2018	388	29	417
Carrying amount			
At 31 December 2018	41	47	88
2017			
Cost			
At 1 January 2017	412	38	450
Additions	17	38	55
At 31 December 2017	429	76	505
Accumulated depreciation			
At 1 January 2017	275	3	278
Depreciation for the financial year	63	11	74
At 31 December 2017	338	14	352
Carrying amount			
At 31 December 2017	91	62	153

(i) The freehold and leasehold land and buildings of the Group at the carrying amount of RM21,663,000 (2017: RM22,922,000) are charged to financial institutions as securities for banking facilities granted to the Group as stated in Note 16 to the financial statements.

(ii) Leased assets are pledged as securities for the related finance lease liabilities as disclosed in Note 16 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

(iii) Included in property, plant and equipment of the Group are assets acquired under finance lease arrangements with carrying amount as follows:

	Group	
	2018 RM'000	2017 RM'000
Motor vehicles	70	183

(iv) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use, with a cost as follows:

	Group	
	2018 RM'000	2017 RM'000
Renovation	100	80
Furniture, fittings, office and other equipment	638	454
Motor vehicles	328	799
Show village and sales office	838	838
	1,904	2,171

6. INVESTMENT PROPERTIES

A. Investment properties stated at fair values represent:

	Group	
	2018 RM'000	2017 RM'000
At 1 January	95,054	50,359
Add: Transfer from inventories	-	240
Add: Transfer from cost model	-	37,483
Add: Net gain arising from fair value adjustments	70	6,972
At 31 December	95,124	95,054

B. Investment properties under construction stated at cost represent:

At 1 January	-	37,483
Less: Transfer to fair value model	-	(37,483)
At 31 December	-	-
	95,124	95,054

6. INVESTMENT PROPERTIES *cont'd*

(i) All the Group's investment properties are held under freehold interests.

(ii) The land titles for the investment properties with carrying amount of RM50,409,000 (2017: RM50,359,000) have yet to be registered under the subsidiaries' name.

(iii) The investment properties with carrying amount of RM38,500,000 (2017: RM38,500,000) were charged as securities for banking facilities granted to the Group are disclosed in Note 16 to the financial statements.

(iv) The investment properties were revalued by the directors on 30 November 2018, 30 December 2018, 18 January 2019 and 30 January 2019 based on independent professional valuations.

(v) In the previous financial year, the construction of the investment properties on a freehold land was suspended. The development expenditure for the construction and the freehold land stated at cost have transferred to investment properties stated at fair value.

(vi) Fair value of investment properties is categorised as follows:

	Group	
	2018	**2017**
	Level 2	**Level 2**
	RM'000	**RM'000**
Assets carried at fair value		
Investment properties	95,124	95,054

Policy on transfer between levels

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

There are no Level 1 investment properties or transfers between Level 1 and Level 2 during the financial year ended 31 December 2018 or 31 December 2017.

Level 2 fair value

Level 2 fair values of buildings have been derived using the sales comparison approach. Sales prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable buildings.

(vii) The following are recognised in profit or loss in respect of the investment properties:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Rental income	2,627	2,981
Direct operating expenses:		
- income generating investment properties	(2,904)	(2,928)

7. INVENTORIES

	Group		
	31.12.2018	**31.12.2017 Restated**	**1.1.2017 Restated**
	RM'000	**RM'000**	**RM'000**
At lower of cost and net realisable value			
Non-current			
Property held for development			
- Freehold land at cost	576	576	576
- Long-term leasehold land	24,341	25,882	25,292
- Development costs	23,078	25,267	25,267
	47,995	51,725	51,135
Current			
Property under development			
- Freehold land at cost	18,903	18,903	18,903
- Long-term leasehold land	5,587	4,046	7,471
- Development costs	11,607	16,608	17,510
Completed properties	6,512	6,956	7,074
Food and beverages	-	-	6
Room supplies and consumables	-	-	16
	42,609	46,513	50,980
	90,604	98,238	102,115

(i) The cost of inventories of the Group recognised as an expense in cost of sales, during the financial year in respect of continuing operations was RM12,856,000 (2017: RM20,692,000).

(ii) The long-term leasehold land and freehold land which are held for development and under property development amounting to RM70,628,000 (2017: RM70,628,000) have been charged as securities for banking facilities granted to the Group as disclosed in Note 16 to the financial statements.

(iii) Completed development properties of RM2,211,000 (2017: RM2,211,000) are pledged as security to secure banking facilities granted to the Group as disclosed in Note 16 to the financial statements.

8. INVESTMENTS IN SUBSIDIARIES

	Company 2018 RM'000	Company 2017 RM'000
At cost		
At 1 January/31 December	157,299	157,299
Less: Accumulated impairment loss		
At 1 January	(60,095)	(60,095)
Add: Impairment loss	(50,021)	-
At 31 December	(110,116)	(60,095)
Loans that are part of net investments	22,400	22,400
Carrying amount		
At 31 December	69,583	119,604

Loans that are part of net investments represent amounts owing by subsidiaries which are non-trade in nature, unsecured and non-interest bearing. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiaries. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment loss, if any.

The Company's ownership interest in the subsidiaries which are all incorporated in Malaysia and their respective principal activities are as follows:

Name of company	Ownership interest 2018 %	Ownership interest 2017 %	Principal activities
Direct subsidiaries			
ZKP Development Sdn. Bhd. ("ZKP")	100	100	Property investment and car park.
Falcon Pavillion Sdn. Bhd. ("FP")	100	100	Investment holding.
Cemerlang Land Sdn. Bhd. ("CL")	100	100	Property development.
Meda Project Management Sdn. Bhd. ("MPM")	100	100	Project management services.
MIB Construction Sdn. Bhd. ("MIBC")	100	100	Building contractor.
Nandex Land Sdn. Bhd.("NL")	100	100	Property development.
Sri Lingga Sdn. Bhd. ("SLSB")	100	100	Property development and cultivation of oil palm.
Meridian Theme Park Sdn. Bhd. ("MTP") *(formerly known as Golden Sceptre (MM2H) Sdn. Bhd.)*	100	100	Provision of services in relation to Malaysia My Second Home Programme.
Pesona Alfa Sdn. Bhd. ("PASB")	100	100	Investment holding.
Gaya Pustaka Sdn. Bhd. ("GP")	100	100	Property investment.
Virtue Property Sdn. Bhd. ("VP")	100	100	Property investment.
Purple Heights Sdn. Bhd. ("PH")	100	100	Property development.
Subsidiary of PASB			
Maju Puncakbumi Sdn. Bhd. ("MPSB")	100	100	Property development and construction.
Subsidiary of SLSB			
Nusarhu Sdn. Bhd. ("NSB") *	40	40	Dormant.

8. INVESTMENTS IN SUBSIDIARIES *cont'd*

* The Group holds a 40% equity interest in Nusarhu Sdn. Bhd. ("NSB") and the remaining 60% equity interest was held by its trustee.

The Group consolidated 100% of NSB. In applying judgement, the Group assesses and concludes that it has the power to direct the relevant activities of NSB. The Group is able to appoint, remove and set compensation of the key management personnel of NSB and actively dominates the decision-making process of NSB through its board representations. Accordingly, NSB has been treated as a subsidiary of the Group in accordance with MFRS 10 *Consolidated Financial Statements*.

9. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Current					
Trade					
Trade receivables from contracts with customers	(i)	12,141	11,773	-	-
Retention sum		3,295	3,285	-	-
Less: Impairment losses for trade receivables	(i)	(5,596)	(5,844)	-	-
		9,840	9,214	-	-
Non-trade					
Other receivables		22,779	40,081	11,146	12,000
Less: Impairment losses	(ii)	(20,053)	(14,058)	(11,069)	(5,343)
		2,726	26,023	77	6,657
GST refundable		90	385	-	-
Amount owing by subsidiaries	(iii)	-	-	83,503	83,706
Less: Impairment losses		-	-	(11,041)	(11,041)
		-	-	72,462	72,665
Deposits	(iv)	5,842	5,777	3,626	3,628
		8,658	32,185	76,165	82,950
Total trade and other receivables (current)		18,498	41,399	76,165	82,950

9. TRADE AND OTHER RECEIVABLES *cont'd*

(i) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group in respect of trade receivables are 7 to 30 days (2017: 7 days) from the date of invoices and 21 days (2017: 21 days) for property buyers. Other credit terms are assessed and approved on a case by case basis.

Trade receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
At 1 January	5,844	5,844
Charge for the financial year		
- Individually assessed	23	-
Reversal of impairment losses	(271)	-
At 31 December	5,596	5,844

* Loss allowance disclosed in comparative period is based on incurred loss model in accordance with FRS 139 *Financial Instruments: Recognition and Measurement.*

Included in trade receivables of the Group are amounts of RM9,110,000 (2017: RM5,150,000) owing by two (2017: one) of its significant receivables.

The information about the credit exposures are disclosed in Note 30(b)(i) to the financial statements.

9. TRADE AND OTHER RECEIVABLES *cont'd*

(ii) Other receivables

Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of other receivables are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
At 1 January	14,058	15,058	5,343	5,343
Charge for the financial year				
– Individually assessed	5,995	–	5,726	–
Written off	–	(1,000)	–	–
At 31 December	20,053	14,058	11,069	5,343

* Loss allowance disclosed in comparative period is based on incurred loss model in accordance with FRS 139 *Financial Instruments: Recognition and Measurement.*

(iii) Amount owing by subsidiaries

Amount owing by subsidiaries represents advances and payments made on behalf which are unsecured, interest free, repayable on demand and are expected to be settled in cash.

(iv) Deposits

Included in deposits is an amount of RM3,600,000 (2017: RM3,600,000) paid for the acquisition of 100% equity interest in BCM Holdings Sdn. Bhd. ("BCM"). The acquisition was terminated in the previous financial years.

10. CONTRACT ASSETS/(LIABILITIES)

	Group 31.12.2018 RM'000	31.12.2017 Restated RM'000	1.1.2017 Restated RM'000
Contract assets relating to construction and renovation work contracts	–	–	2,551
Total contract assets	–	–	2,551
Contract liabilities relating to construction and renovation work contracts	(71)	(3,011)	–
Contract liabilities relating to property development contract	–	–	(17)
Total contract liabilities	(71)	(3,011)	(17)

(a) **Significant changes in contract balances**

	2018		2017	
	Contract assets Increase/ (decrease) RM'000	Contract liabilities (Increase)/ decrease RM'000	Contract assets Increase/ (decrease) RM'000	Contract liabilities (Increase)/ decrease RM'000
Group				
Revenue recognised that was included in contract liability at the beginning of the financial year	–	3,011	–	17
Transfer from contract assets recognised at the beginning of the period to receivables	–	–	(2,551)	–

(b) **Revenue recognised in relation to contract balances**

	Group 2018 RM'000	2017 RM'000
Revenue recognised that was included in contract liability at the beginning of the financial year	3,011	–

Revenue recognised that was included in the contract liability balance at the beginning of the year represented primarily revenue from construction contracts when percentage of completion increases.

11. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	371	1,745	46	41
Housing Development Accouts ("HDA")	1,455	1,574	–	–
	1,826	3,319	46	41

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	371	1,745	46	41
Housing Development Accouts ("HDA")	1,455	1,574	–	–
Bank overdrafts	(13,579)	(13,736)	–	–
	(11,753)	(10,417)	46	41

Housing Development Accounts ("HDA")

The housing development accounts of the Group are maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 in Malaysia. These accounts, which consist of monies received from purchasers, are for the payment of property development costs incurred and are restricted from use in other operations. The surplus monies, if any, will be released to the respective subsidiaries upon the completion of the property development projects and after all property development costs have been fully settled.

12. SHARE CAPITAL

	Group and Company			
	Number of shares		Amounts	
	2018 Unit'000	2017 Unit'000	2018 RM'000	2017 RM'000
Ordinary shares				
Issued and fully paid up:				
At 1 January	492,555	492,555	258,186	246,278
Transition to no-par value regime:				
- share premium	-	-	-	11,908
At 31 December	492,555	492,555	258,186	258,186

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM11,908,000 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM11,908,000 for purposes as set out in Section 618(3) 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 (except treasury 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.

During the financial year, the Company has not issued any shares.

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 RM11,908,000 standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital.

13. TREASURY SHARES

	Group and Company			
	Number of shares		Amounts	
	2018 Unit'000	2017 Unit'000	2018 RM'000	2017 RM'000
At 1 January/31 December	9,563	9,563	5,843	5,843

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

14. WARRANTS RESERVE

Warrants A

On 11 August 2011, the Company increased its issued and paid up share capital by way of private placement of 20,000,000 ordinary shares, attached together with the private placement of 80,000,000 free detachable warrants in the Company on the basis of 4 free warrants for 1 placement share subscribed.

The Company has recognised the warrant reserve by debiting the share capital account and crediting the warrants reserve.

Fair value of warrants and assumptions

Fair value of Warrants A at issuance date (16 August 2011)	:	RM0.1711
Share price	:	RM0.365 (as at 16 August 2011)
Exercise price	:	RM0.50
Expiry date	:	15 August 2021 (10 years)
Volatility	:	Historical volatility of 1 year (253 trading days) of 66.81%
Divided	:	No dividend
Interest rate	:	3.7% per annum (as extracted from Bloomberg as at 16 August 2011)

Warrants B

By virtue of a Deed Poll executed on 23 March 2012 for the 114,021,616 free warrants ("Warrants B") issued in connection with the bonus issue, each Warrants B entitles the registered holder the right at any time during the exercise period to subscribe at an exercise price of RM0.60 per ordinary share at a step-up mechanism whereby the exercise price will be adjusted upwards by RM0.10 at the expiry of every 2 anniversary years from the date of issuance on the basis of 1 free warrant for every 4 existing shares held.

Warrants C

By virtue of a Deed Poll executed on 7 August 2014 for the 48,421,408 free new detachable warrants ("Warrants C") pursuant to the free warrants issued, each Warrants C entitles the registered holder the right at any time during the exercise period to subscribe in cash for 1 new ordinary share at an exercise price of RM0.80 per ordinary share each from the date of issuance on the basis of 1 free warrant for every 10 existing shares held and will be expiring on 24 August 2024.

15. REVALUATION RESERVE

The revaluation reserve relates to the revaluation surplus arising from property, plant and equipment and from investment properties upon the transferred of property, plant and equipment to investment properties.

Upon the subsequent disposal of investment properties, the revaluation reserves included in equity may be transferred to retained earnings.

16. LOANS AND BORROWINGS

	Note	Group 2018 RM'000	Group 2017 RM'000
Non-current			
Secured			
Bank loans:			
- fixed	(ii)	743	936
- floating	(ii)	11,788	25,185
Finance lease liabilities	(iii)	316	435
		12,847	26,556
Current:			
Secured			
Bank loans:			
- fixed	(ii)	191	184
- floating	(ii)	11,474	3,942
Finance lease liabilities	(iii)	119	169
Bank overdrafts	(iv)	13,579	13,736
Revolving working capital financing	(v)	-	2,906
		25,363	20,937
Total loans and borrowings			
Bank loans:			
- fixed	(ii)	934	1,120
- floating	(ii)	23,262	29,127
Finance lease liabilities	(iii)	435	604
Bank overdrafts	(iv)	13,579	13,736
Revolving working capital financing	(v)	-	2,906
		38,210	47,493

16. LOANS AND BORROWINGS *cont'd*

(i) The loans and borrowings at the end of the reporting period bore interest rates as follows:

	Group			
	Effective interest rate		Interest rate	
	2018 %	2017 %	2018 %	2017 %
Bank loans				
- fixed	3.75	3.75	3.75	3.75
- floating	8.00	8.00 to 8.25	ECOF + 1.25	ECOF + 1.25 to 1.50
	4.85	4.85	ECOF - 1.90	ECOF - 1.90
Finance lease liabilities	4.30 to 6.98	4.30 to 6.98	2.31 to 5.75	2.31 to 5.75
Bank overdrafts	8.97	8.90	BLR + 2.0	BLR + 2.0
Revolving working capital financing	-	15.00	-	ECOF + 1.25

(ii) **Bank loans**

	Group	
	2018 RM'000	2017 RM'000
Current liabilities		
- not later than one year	11,665	4,126
Non-current liabilities		
- later than one year but not later than five years	9,928	23,274
- later than five years	2,603	2,847
	12,531	26,121
	24,196	30,247

16. LOANS AND BORROWINGS *cont'd*

(ii) Bank loans *cont'd*

The bank loans are secured by way of:

(a) first and second legal charges over certain property held for development, property under development and completed development properties of the Group as disclosed in Note 7 to the financial statements;

(b) first legal charges over certain investment properties of the Group as disclosed in Note 6 to the financial statements;

(c) first and second legal charges over the Group's freehold and leasehold land and buildings (Note 5) and investment properties (Note 6);

(d) joint and several guarantees by certain directors of the Company;

(e) corporate guarantees by the Company; and

(f) corporate guarantees by a company in which certain directors of the Company have interests.

Term loan 1 of the subsidiary of RM12,430,000 (2017: RM16,052,000) bear interest at 8.0% (2017: 8.0%) per annum and is repayable by monthly instalments of RM405,528 over five years commencing from 25 months from the day of first drawdown.

Term loan 2 of the subsidiary of RM7,232,000 (2017: RM9,231,000) bear interest at 8.0% (2017: 8.0%) per annum and is repayable by monthly instalments of RM522,000 from January to December 2019.

Term loan 3 of the subsidiary of RM3,600,000 (2017: RM3,844,000) bear interest at 4.85% (2017: 4.85%) per annum and is repayable by monthly instalments of RM18,750 over 20 years from the day of first drawdown.

Term loan 4 of the subsidiary of RM934,000 (2017: RM1,120,000) bear interest at 3.75% (2017: 3.75%) per annum and is repayable by monthly instalment of RM18,847 inclusive interest over 67 months.

16. LOANS AND BORROWINGS *cont'd*

(iii) Finance lease liabilities

Future minimum lease payments under finance lease together with the present value of net minimum lease payments are as follows:

	Group	
	2018 RM'000	2017 RM'000
Minimum lease payments:		
Not later than one year	135	192
Later than one year and not later than 5 years	335	458
Later than 5 years	-	12
	470	662
Less: Future interest charges	(35)	(58)
Present value of minimum lease payments	435	604
Present value of minimum lease payments payables:		
Not later than one year	119	169
Later than one year and not later than 5 years	316	433
Later than 5 years	-	2
	435	604
Less: Amount due within 12 months	(119)	(169)
Amount due after 12 months	316	435

The obligations under finance lease are as follows:

(a) interest rates are fixed at the inception of the finance lease arrangement;

(b) certain finance lease arrangements of the Group are secured by joint and several guarantee by certain directors of the Company; and

(c) the finance lease liabilities are effectively secured on the rights of the assets under finance lease arrangement as disclosed in Note 5 to the financial statements.

16. LOANS AND BORROWINGS *cont'd*

(iv) Bank overdrafts

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

(a) fixed charge over freehold land, long term leasehold land and certain inventories of the Group as disclosed in Note 5 and Note 7 to the financial statements;

(b) corporate guarantees by the Company;

(c) joint and several guarantees by several directors of the Company; and

(d) corporate guarantees by a company in which certain directors of the Company have interests.

(v) Revolving working capital financing

In the previous financial year, the revolving working capital financing of the Group were secured by way of:

(a) legal assignment over the contract proceeds;

(b) corporate guarantee by the Company; and

(c) charge over all designated account.

17. DEFERRED TAX LIABILITIES

(i) The deferred tax liabilities are made up of the following:

	Group	
	2018 RM'000	**2017 RM'000**
Property, plant and equipment/investment properties		
At 1 January	4,064	3,711
Recognised in profit or loss (Note 24):		
- current year	-	353
	-	353
At 31 December	4,064	4,064

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

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Taxable/(deductible) temporary differences	1,937	1,687	(10)	(60)
Unabsorbed tax losses	80,086	89,289	1,333	935
Provisions	4,177	1,209	-	-
At 31 December	86,200	92,185	1,323	875
Potential deferred tax assets not recognised at 24% (2017 : 24%)	20,688	22,124	318	210

The availability of unused tax losses for offsetting against future taxable profits of the Group and the Company are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

18. TRADE AND OTHER PAYABLES

	Note	Group 31.12.2018 RM'000	Group 31.12.2017 Restated RM'000	Group 1.1.2017 Restated RM'000	Company 31.12.2018 RM'000	Company 31.12.2017 RM'000
Non-current:						
Non-trade						
Amount owing to a related company	(i)	13,679	–	–	–	–
Current:						
Trade						
Trade payables	(ii)	10,076	11,182	10,111	453	453
Retention sum		989	321	1,852	–	–
		11,065	11,503	11,963	453	453
Non-trade						
Other payables	(iii)	26,814	40,190	41,696	1,049	982
GST payable		10	1,141	49	–	–
Deposits		3,086	3,425	5,655	–	–
Accruals		5,524	5,345	5,288	506	581
Accrued costs to completion of projects	(iv)	–	239	1,059	–	–
Amount owing to subsidiaries	(v)	–	–	–	4,810	5,167
		35,434	50,340	53,747	6,365	6,730
		46,499	61,843	65,710	6,818	7,183
Total trade and other payables (non-current and current)		60,178	61,843	65,710	6,818	7,183

(i) Amount owing to a related company

Amount owing to a related company is unsecured, non-interest bearing and is expected to be settled in cash. However, this amount is not expected to be settled within the twelve months after the reporting date upon understanding with the said related company.

(ii) Trade payables

Trade payables are non-interest bearing and the normal credit terms available to the Group and the Company in respect of trade payables range from 14 to 120 days (2017: 14 to 120 days) from the date of invoices.

18. TRADE AND OTHER PAYABLES *cont'd*

(iii) Other payables

(a) Other payables are unsecured, interest-free and are to be settled in accordance with the normal credit terms ranging from 14 to 60 days (2017: 14 to 60 days) from the date of invoices.

(b) Included in other payables are amounts of RM1,499,846 (2017: RM2,161,000) due to companies in which certain directors of the Company have substantial financial interests. The amounts due are unsecured, interest-free, repayable on demand and are expected to be settled in cash.

(iv) Accrued costs to completion of projects

Accrued costs to completion of projects represent development costs identified to be incurred for completed projects.

(v) Amount owing to subsidiaries

Amount owing to subsidiaries are unsecured, non-interest bearing, repayable upon demand and are expected to be settled in cash.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 30(b)(ii) to the financial statements.

19. PROVISIONS

Group	Provision for liquidated and ascertained damages RM'000	Provision for foreseeable losses RM'000	Provision for onerous contracts RM'000	Provision for litigation claims RM'000	Total RM'000
Current					
At 1 January 2017	1,051	157	2,471	–	3,679
Recognised in profit or loss	(115)	(157)	(2,471)	–	(2,743)
Reversed during the financial year	–	–	–	273	273
At 31 December 2017	936	–	–	273	1,209
Reversed during the financial year	(115)	–	–	–	(115)
Recognised in profit or loss	–	–	–	3,083	3,083
At 31 December 2018	821	–	–	3,356	4,177

(i) Provision for liquidated and ascertained damages is recognised in respect of the delayed projects undertaken by certain subsidiaries. The provision has been recognised for the expected liquidated ascertained damages claims based on the applicable terms and conditions stated in the sale and purchase agreements.

(ii) In the previous financial year, provision for foreseeable losses was in respect of the foreseeable losses of property development costs recognised immediately in profit or loss on a property development project of a subsidiary.

(iii) One of the subsidiaries of the Company has entered into a non-cancellable guaranteed rental return scheme for the leaseback services apartments from the buyers for a period of 3 to 4 years. In the previous financial year, provision for onerous contract was recognised in respect of the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to be received.

(iv) The provision for litigation claims relates to legal claims brought against the Group by its house buyers of the property development segment. In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts as provided in the financial statements.

20. REVENUE

	Group	
	2018 **RM'000**	**2017** **RM'000**
Continuing operations		
Revenue from contract customers:		
Property development/completed properties	1,726	6,968
Construction and renovation work contracts	7,988	8,381
	9,714	15,349
Revenue from other sources:		
Gross rental income	2,466	2,757
Sales of fresh fruit bunches	628	733
Car park operations	138	166
	12,946	19,005
Timing of revenue recognition:		
Over time	9,714	15,349

21. COST OF SALES

	Group	
	2018 **RM'000**	**2017** **RM'000**
Continuing operations		
Costs of development/completed properties sold	7,293	11,919
Construction and renovation work contracts	5,119	8,345
Properties letting direct expenses	2,676	2,781
Costs of sales for fresh fruit bunches	276	362
Cost of car park operations	42	46
	15,406	23,453

22. FINANCE COSTS

	Group	
	2018 **RM'000**	**2017** **RM'000**
Interest expense on:		
- Bank loans	2,129	2,391
- Finance lease liabilities	41	37
- Bank overdrafts	1,222	1,210
- Revolving working capital financing	-	601
- Others	12	273
	3,404	4,512

23. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
After charging				
Auditors' remuneration:				
- current year	211	222	80	73
Non-statutory audit fees	7	22	7	22
Bad debts written off	-	117	-	-
Depreciation of property, plant and equipment	1,935	2,347	65	74
Director's remuneration:				
- fees	170	170	170	170
- salaries, bonuses and allowances	866	1,278	-	-
- others	166	190	35	35
Impairment losses on trade and other receivables	6,018	-	5,726	-
Impairment losses on investment in subsidiaries	-	-	50,021	-
Inventories written down	-	38	-	-
Property, plant and equipment written-off	-	642	-	-
Provision for litigation claims	3,083	273	-	-
Staff costs:				
- salaries, overtime and allowance	2,378	2,654	-	-
- defined contribution plan	307	408	-	-
- other employee benefits	187	181	7	18
And crediting:				
Bad debts recovered	-	(699)	-	-
Forfeiture income	-	(2,059)	-	(2,059)
Gain on disposal of property, plant and equipment	(256)	(9)	-	-
Interest income	(38)	(292)	-	(210)
Net gain arising from fair value adjustment:				
- investment properties	(70)	(6,972)	-	-
Reversal of impairment losses no longer required for:				
- trade receivables	(271)	-	-	-
Reversal of provision for:				
- foreseeable losses	-	(157)	-	-
- liquidated and ascertained damages	(115)	(115)	-	-
- onerous contracts	-	(2,471)	-	-
Waiver of debts received	-	-	(26)	-

24. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2018 and 2017 are as follows:

	Note	Group		Company	
		2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Statements of comprehensive income					
Continuing operations					
Current income tax:					
- Adjustment in respect of prior years		(545)	–	–	–
		(545)	–	–	–
Deferred tax:					
- Current deferred tax charge	17	–	(353)	–	–
Income tax expense attributable to continuing operations		(545)	(353)	–	–
Income tax expense attributable to discontinued operation	25	–	(260)	–	–
Income tax recognised in profit or loss		(545)	(613)	–	–

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial year.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
(Loss)/profit before tax				
- Continuing operations	(22,915)	(13,156)	(56,501)	977
- Discontinued operation	132	4,944	–	–
	(22,783)	(8,212)	(56,501)	977
Tax at Malaysian statutory income tax rate of 24% (2017 : 24%)	5,468	1,971	13,560	(234)
Adjustments:				
Income not subject to tax	50	1,577	–	113
Non-deductible expenses	(6,954)	(1,091)	(13,452)	(78)
Reversal/(Originations) of deferred tax assets not recognised	1,436	(2,810)	(108)	199
Adjustment in respect of prior years	(545)	–	–	–
Real property gain tax	–	(260)	–	–
Income tax expense	(545)	(613)	–	–

25. DISCONTINUED OPERATION

During the financial year, the Group had discontinued its hotel operations business on 31 March 2018. The segment was not a discontinued operation as at 31 December 2017 and the comparative statements of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

(i) Analysis of the results of discontinued operation is as follows:

	2018 RM'000	2017 RM'000
Revenue	508	2,393
Cost of sales	(48)	(215)
Gross profit	460	2,178
Other income	134	5,206
Distribution, administrative and operating expenses	(462)	(2,440)
Profit before taxation of discontinued operation	132	4,944
Income tax expense	-	(260)
Profit after tax from discontinued operation	132	4,684

(ii) The following items have been (credited)/charged in arriving at profit before tax:

	2018 RM'000	2017 RM'000
After charging:		
Bad debts written off	-	7
Depreciation of property, plant and equipment	-	652
Staff costs:		
- salaries, overtime and allowance	128	564
- defined contribution plan	15	68
- other employee benefits	5	20
And crediting:		
Gain on disposal of property, plant and equipment	-	(5,206)

(iii) Cash flows (used in)/generated from discontinued operation:

	2018 RM'000	2017 RM'000
Net cash flows (used in)/generated from operating activities	(389)	230
Net cash flows used in investing activities	-	(173)
	(389)	57

26. (LOSS)/EARNINGS PER ORDINARY SHARE

(i) Basic (loss)/earnings per ordinary share

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

	Group	
	2018 RM'000	**2017 RM'000**
(Loss)/Profit attributable to owners of the Company		
- Continuing operations	(23,460)	(13,509)
- Discontinued operation	132	4,684
	(23,328)	(8,825)
	2018 Units '000	**2017 Units '000**
Weighted average number of ordinary shares for basic (loss)/earnings per share	492,555	492,555
	2018 Sen	**2017 Sen**
Basic (loss)/earning per ordinary share		
- Continuing operations	(4.76)	(2.74)
- Discontinued operation	0.03	0.95
	(4.73)	(1.79)

(ii) Diluted (loss)/earnings per ordinary share

Diluted (loss)/earnings per share are based on the (loss)/profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The diluted (loss)/earnings per ordinary shares are equals to the basic (loss)/earnings per share because the outstanding warrants are anti-dilutive.

27. COMMITMENTS

(i) Operating lease commitments – as lessee

Future minimum rentals payables under non-cancellable operating lease at the reporting date but not recognised as liabilities are as follows:

	Group	
	2018 RM'000	2017 RM'000
Not later than one year	42	763
More than one year and not later than five years	46	32
	88	795

(ii) Operating lease commitments – as lessor

The Group leases out certain of its investment properties which have remaining lease term between 1 to 2 years. The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2018 RM'000	2017 RM'000
Not later than one year	1,338	3,180
Later than one year but not later than five years	608	1,193
	1,946	4,373

28. RELATED PARTIES

(i) Identification 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:

(a) Directors;
(b) Subsidiaries;
(c) Entities in which certain directors of the Company have substantial financial interests; and
(d) Key management personnel of the Group's and the Company's comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(ii) Significant related party transactions

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Rental of motor vehicles to subsidiaries	–	–	57	89
Travelling and accommodation	–	53	–	1
M101 Bukit Bintang Sdn. Bhd.				
– Renovation work contract	4,950	–	–	–

(iii) Compensation of key management personnel

The remuneration of key management during the financial year is as follows:

	Group	
	2018 RM'000	2017 RM'000
Key management personnel:		
- short-term employee benefits	866	1,278
- defined contribution plan	104	155
	970	1,433

Key management personnel comprise persons including the directors of the Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

29. SEGMENT 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 Director ("ED") and Chief Operating Officer ("COO") for the purpose of making decisions about resource allocation and performance assessment.

(i) *General Information*

The Group's operations comprise the following business segments:

Property development	:	Development of residential and commercial properties and agricultural lots.
Construction	:	Securing and carrying out construction contracts.
Hotel operations	:	Hotel operations.
Property investment	:	Rental collection from investment properties.
Others	:	Business involved in cultivation of oil palm, project management services, building contractor and operation of car park in commercial properties.

The inter-segment transactions have been entered into the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(ii) *Measurement of Reportable Segments*

<u>Segment profit</u>

Segment performance is used to measure performance as the Group's Executive Director and Chief Operating Officer believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

<u>Segment assets</u>

The total of segment asset is measured based on all assets of a segment, as included in the internal reports that are reviewed by the Group's Executive Director and Chief Operating Officer.

<u>Segment liabilities</u>

Segment liabilities are not included in the internal reports that are reviewed by the Group's Executive Director and Chief Operating Officer, hence no disclosures are made on segment liabilities.

29. SEGMENT INFORMATION *cont'd*

2018	Property Development RM'000	Construction RM'000	Property Investment RM'000	Others RM'000	Hotel Operations (Discontinued) RM'000	Adjustments and Elimination RM'000	Consolidated RM'000
Revenue							
External sales	1,726	7,988	2,604	628	508	-	13,454
Inter-segment sales	-	-	-	-	-	-	-
Total	1,726	7,988	2,604	628	508	-	13,454
Results							
Include in the measure of segment (loss)/profit are:							
Segment results	(30,292)	5,965	13,219	616	132	1,267 A	(9,093)
Unallocated items	74	(346)	55	(60,090)	-	50,021 A	(10,286)
Finance costs	(1,229)	(2,131)	-	(44)	-	-	(3,404)
Segment loss							(22,783)
Income tax expense							(545)
Loss for the financial year							(23,328)
Assets							
Segment assets #	75,319	111,529	108,947	185,515	11,698	(264,123) B	228,885
Tax assets							642
Total assets							229,527
Other segment information							
Depreciation	(140)	(571)	(33)	(1,191)	-	-	(1,935)

29. SEGMENT INFORMATION *cont'd*

2018	Property Development RM'000	Construction RM'000	Property Investment RM'000	Others RM'000	Hotel Operations (Discontinued) RM'000	Adjustments and Elimination RM'000	Consolidated RM'000
Other segment information							
Non-cash items other than depreciation:							
Interest income	25	5	8	–	–	–	38
Gain on disposal of:							
- property, plant and equipment	56	200	–	–	–	–	256
Net gain arising from fair value adjustment of investment properties	50	20	–	–	–	–	70
Impairment losses on trade and other receivables	(223)	–	–	(5,795)	–	–	(6,018)
Impairment losses on investment in subsidiaries	–	–	–	(50,021)	–	50,021	–
Provision for litigation claims	–	–	–	(3,083)	–	–	(3,083)
Reversal of impairment losses no longer required for trade receivables	191	–	80	–	–	–	271
Reversal of provision for:							
- liquidated and ascertained damages	115	–	–	–	–	–	115

29. SEGMENT INFORMATION *cont'd*

2017	Property Development RM'000	Construction RM'000	Property Investment RM'000	Others RM'000	Hotel Operations (Discontinued) RM'000	Adjustments and Elimination RM'000	Consolidated RM'000
Revenue							
External sales	6,968	8,381	2,923	733	2,393	–	21,398
Inter-segment sales	–	–	–	–	–	–	–
Total	6,968	8,381	2,923	733	2,393	–	21,398
Results							
Include in the measure of segment loss are:							
Segment results	(10,702)	(7,806)	(5,579)	6,067	397	311 A	(17,312)
Unallocated items	2,764	(633)	6,936	(2)	4,547	–	13,612
Finance costs	(1,354)	(3,096)	–	(62)	–	–	(4,512)
Segment loss							(8,212)
Income tax expense							(613)
Loss for the financial year							(8,825)
Assets							
Segment assets #	110,643	103,380	83,068	250,690	21,077	(306,026) B	262,832
Tax assets							1,204
Total assets							264,036
Other segment information							
Capital expenditure	–	24	–	56	172	–	252
Depreciation	(284)	(633)	(36)	(1,394)	(652)	–	(2,999)

29. SEGMENT INFORMATION *cont'd*

2017	Property Development RM'000	Construction RM'000	Property Investment RM'000	Others RM'000	Hotel Operations (Discontinued) RM'000	Adjustments and Elimination RM'000	Consolidated RM'000
Other segment information							
Non-cash items other than depreciation:							
Bad debts wrriten off	(69)	–	–	(48)	(7)	–	(124)
Bad debts recovered	699	–	–	–	–	–	699
Forfeiture income	–	–	–	2,059	–	–	2,059
Gain on disposal of:							
- property, plant and equipment	–	–	–	9	5,206	–	5,215
Inventories written down	(38)	–	–	–	–	–	(38)
Net gain arising from fair value adjustment of investment properties	–	–	6,972	–	–	–	6,972
Property, plant and equipment written-off	(14)	–	–	(628)	–	–	(642)
Provision for litigation claims	(273)	–	–	–	–	–	(273)
Reversal of provision for:							
- foreseeable losses	157	–	–	–	–	–	157
- liquidated and ascertained damages	115	–	–	–	–	–	115
- onerous contract	2,471	–	–	–	–	–	2,471

Note: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

\# Segment assets comprise total current and non-current assets, less tax recoverable.

29. SEGMENT INFORMATION *cont'd*

Reconciliation of reportable segment revenue, profit or loss, assets and other material items are as follows:

A Reconciliation of segment results

	Group	
	2018 RM'000	2017 RM'000
Elimination of inter-segment transactions	1,267	311
Unallocated amounts	50,021	-
	51,288	311

B Reconciliation of segment assets

	Group	
	2018 RM'000	2017 RM'000
Inter-segment assets	(264,123)	(306,026)

Geographical information

The Group operates principally in Malaysia and has not ventured into any operations outside Malaysia during the financial year. Hence, no geographical segment is presented.

Information about major customers

The following are major customers with revenue equal to or more than 10% of Group revenue:

	2018 RM'000	2017 RM'000	Segment
Customer A	4,880	-	Construction
Customer B	3,108	8,381	Construction
	7,988	8,381	

Information about major customers are not presented for the property investment segment and hotel operations segment which does not exceed 10% of total revenue of the Group.

30. 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:

From 1 January 2018:

(i) Fair value through profit or loss ("FVPL")
(ii) Designated fair value through profit or loss ("DFVPL")
(iii) Amortised cost
(iv) Fair value through other comprehensive income ("FVOCI")
(v) Designated fair value through other comprehensive income ("DFVOCI")

On or before 31 December 2017:

(i) Loan and receivables ("L&R")
(ii) Fair value through profit or loss ("FVPL")
- Held for trading ("HFT")
- Designated as at FVPL ("DFVPL")
(iii) Available-for-sale financial assets ("AFS")
(iv) Held-to-maturity investments ("HTM")
(v) Other financial liabilities ("FL")

	Group 2018 RM'000	Company 2018 RM'000
At 31 December 2018		
Financial assets		
Amortised cost		
Trade and other receivables *	18,408	76,165
Cash and short-term deposits	1,826	46
	20,234	76,211
Financial liabilities		
Amortised cost		
Trade and other payables ^	60,168	6,818
Loans and borrowings	38,210	-
	98,378	6,818

** Excluded GST refundable*
^ Excluded GST payable

30. FINANCIAL INSTRUMENTS *cont'd*

(a) Categories of financial instruments *cont'd*

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

	Group 2017 RM'000	Company 2017 RM'000
At 31 December 2017		
Financial assets		
Loans and receivables		
Trade and other receivables *	41,014	82,950
Cash and short-term deposits	3,319	41
	44,333	82,991
Financial liabilities		
Other financial liabilities		
Trade and other payables ^	60,702	7,183
Loans and borrowings	47,493	-
	108,195	7,183

** Excluded GST refundable*

^ Excluded GST payable

(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 and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(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's and the Company's exposure to credit risk arises primarily from trade and other receivables. 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. Credit quality of a customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment.

30. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(i) Credit risk *cont'd*

Trade receivables and contract assets

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

The carrying amount of trade receivables and contract assets 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.

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2018 RM'000	%	2017 RM'000	%
Trade receivables				
Property development	264	3%	3,486	38%
Construction services	9,164	93%	5,149	56%
Others	412	4%	579	6%
	9,840	100%	9,214	100%

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward-looking information.

The information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix are as follows:

		Trade receivables				
	Contract assets RM'000	Current RM'000	> 30days past due RM'000	>60days past due RM'000	>90days past due RM'000	Total RM'000
Group						
At 31 December 2018						
Gross carrying amount at default	–	8,279	1	11	7,145	15,436
Impaiment losses	–	–	–	–	(5,596)	(5,596)

30. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(i) Credit risk *cont'd*

Trade receivables and contract assets *cont'd*

For construction and renovation work contracts, as there are only two customers, the Group assessed the risk of loss of each customer individually based on the financial information, past trends of payments and external credit rating, where applicable.

As at 31 December 2017, the ageing analysis of the Group's trade receivables was as follows:

	31.12.2017 RM'000
Neither past due nor impaired	6,387
Past due but not impaired	
Past due 1 to 30 days	824
Past due 31 to 60 days	355
Past due 61 to 90 days	502
Past due 91 to 120 days	2
Past due more than 121 days	1,067
Impaired (individually)	2,750
	5,921
	15,058

Other receivables and other financial assets

For other receivables and other financial assets (including 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.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment 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 3.11(a) to the financial statements for the Group's and the Company's other accounting policies for impairment of financial assets.

30. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(i) Credit risk *cont'd*

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 RM37,775,000 (2017: RM46,889,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 30(b)(ii) to the financial statements. As at the reporting date, there was no loss allowance for impairment 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

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 mismatches 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's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's finance department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

The Group and the Company assess the liquidity position and the viability of the Group's and the Company's funding plans to meet the repayment obligations of its borrowings and other current liabilities which are due in next 12 months, which includes:

(a) Intended financial support from one of its major shareholders;

(b) Fund raising through proposed private placements exercise which was approved by the shareholders through EGM and Bursa Malaysia Securities Berhad;

(c) Sales proceeds to be received from Kuala Linggi project of a subsidiary; and

(d) The Group is able to raise further funding from certain property, plant and equipment, property held for development, property under development, inventories and investment properties should the need arise.

30. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(ii) Liquidity risk *cont'd*

Maturity analysis

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

		Contractual cash flows			
	Carrying Amount RM'000	**On demand or within 1 year RM'000**	**Between 1 to 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**
Group					
2018					
Financial liabilities					
Trade and other payables ^	60,168	46,489	13,679	–	60,168
Loans and borrowings					
– finance lease liabilities	435	135	335	–	470
– bank overdrafts	13,579	14,788	–	–	14,788
– term loan (fixed)	934	226	837	–	1,063
– term loans (floating)	23,262	12,384	10,029	2,595	25,008
	98,378	74,022	24,880	2,595	101,497
Group					
2017					
Financial liabilities					
Trade and other payables ^	60,702	60,702	–	–	60,702
Loans and borrowings					
– finance lease liabilities	604	192	458	12	662
– bank overdrafts	13,736	14,959	–	–	14,959
– term loans (fixed)	1,120	226	905	132	1,263
– term loans (floating)	29,127	4,261	24,285	2,939	31,485
– revolving working capital financing	2,906	3,342	–	–	3,342
	108,195	83,682	25,648	3,083	112,413

^ Excluded GST payable

30. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(ii) Liquidity risk *cont'd*

Maturity analysis *cont'd*

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

		Contractual cash flows			
	Carrying Amount RM'000	On demand or within 1 year RM'000	Between 1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Company					
2018					
Financial liabilities					
Trade and other payables	6,818	6,818	-	-	6,818
Financial guarantee contracts	-	37,775	-	-	37,775
	6,818	44,593	-	-	44,593
Company					
2017					
Financial liabilities					
Trade and other payables	7,183	7,183	-	-	7,183
Financial guarantee contracts	-	46,889	-	-	46,889
	7,183	54,072	-	-	54,072

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates.

The Group manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. The Management does not enter into interest rate hedging transactions as the cost of such instruments outweighs the potential risk of interest rate fluctuation.

The information on maturity dates and effective interest rate of financial assets and liabilities are disclosed in their respective notes.

30. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(iii) Interest rate risk *cont'd*

Sensitivity analysis for interest rate risk

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	Change in basis point %	Effect on profit for the financial year RM'000	Effect on equity RM'000
Group			
31 December 2018	+50	(184)	(184)
	-50	184	184
31 December 2017	+50	(229)	(229)
	-50	229	229

(c) Fair value measurement

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Financial assets	
Trade and other receivables	9
Cash and short-term deposits	11
Financial liabilities	
Loans and borrowings	16
Trade and other payables (current)	18

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

30. FINANCIAL INSTRUMENTS *cont'd*

(c) Fair value measurement *cont'd*

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

Fair value hierarchy

There have been no transfers between Level 1 and Level 2 during the financial year (2017: no transfer in either directions).

Other than those carrying amounts with reasonable approximation of fair value, the fair value of other financial assets and liabilities together with the carrying amount shown in the statements of financial position are as follows:

	2018		2017	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Group				
Financial liabilities				
Finance lease liabilities	435	437	604	607
Bank loans – fixed	934	969	1,120	1,120
Other payable – non-current	13,679	13,679	–	–

The fair value of finance lease liabilities, fixed bank loans and amount owing by a related party are estimated by discounted the future cash flows using the current interest rates for similar risk profiles and are measured at Level 3 under the measurement hierarchy.

Level 3 fair value

Fair value of financial instruments not carried at fair value
The fair value of amount owing by subsidiaries, bank borrowings, finance lease liabilities and amount owing to subsidiaries are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

31. 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 and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2018 and 31 December 2017.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity. The gearing ratio as at reporting date are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade and other payables	60,178	61,843	6,818	7,183
Total loans and borrowings	38,210	47,493	–	–
Total debts	98,388	109,336	6,818	7,183
Total equity	117,965	141,293	139,064	195,565
Gearing ratio	83%	77%	5%	4%

There was no change in the Group's and Company's approach to capital management during the financial year.

The Group is also required to comply with certain debts equity ratios in respect of its loan and borrowings.

Gearing ratios are not governed by the MFRSs and their definition and calculations may vary between reporting entities.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Material litigation

(i) Class action initiated by 137 owners of The Arc@Cyberjaya

On 4 October 2017, a class action was initiated by 137 owners against Maju Puncakbumi Sdn. Bhd. ("MPSB") claiming for the breach of contract in relation to the Guaranteed Rental Return ("GRR") Option Agreements. On 9 November 2017, the decision was fixed and the Shah Alam High Court has allowed the Plaintiff's summary judgement application.

The owners are claiming for the following:

(a) RM3,971,736 being the outstanding rental up till May 2017;
(b) 8% interest on the outstanding rentals;
(c) Agreed liquidated damages as stated in the agreement (Unexpired Terms);
(d) General damages, and/or aggravated damages, as well as exemplary damages;
(e) 5% interest from the judgement till the full payment date;
(f) Cost;
(g) Vacant possession of the unit; and
(h) Any relief deemed fit by the Honorable Court.

The solicitor has filed the Notice of Appeal to the Court of Appeal on 23 November 2017. As at 13 February 2018, the court granted a stay of execution to the judgement until the disposal of the appeal. The lawsuit was subsequently appealed to Court of Appeal and was dismissed on 21 May 2018.

MPSB had subsequently filed the Extension of Time to file for Leave and Leave Application to the Federal Court. On 4 December 2018, the application of MPSB for the Extension of Time and Leave Application was allowed by the Federal Court. MPSB is required to file the Notice of Appeal by 18 December 2018.

Despite of the above, a settlement that has been reached between the parties in respect of items (a), (b), (d), part of (e) relating to exemplary damages of RM10, (f) and (g) of the Judgment dated 9 November 2017. MPSB has made the first tranche of payment amounting to RM1,200,000 and second tranche of payment for the sum of RM2,000,000 only made payable to the Plaintiff's solicitors, Messrs Quah & Yeap. The balance is pending the verification exercise in payment payable after taking into account several factors.

The Group has accounted for the outstanding rentals amounting to RM3,972,000 and the 8% interest on the outstanding rentals.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR *cont'd*

Material litigation *cont'd*

(ii) **Class action initiated by 55 owners of The Arc@Cyberjaya**

On 23 January 2018, a wholly owned subsidiary of the Group, Maju Puncakbumi Sdn. Bhd. ("MPSB"), the developer for The Arc @ Cyberjaya project has been served with a Shah Alam High Court Writ of Summons and Statement of Claim by Lim Pei Pei and Chen Yun Loy dated 19 January 2018.

This is a representative action filed by Lim Pei Pei and Chen Yun Loy representing 55 owners of The Arc @ Cyberjaya ("The Owners") against MPSB claiming for the breach of contract in relation to the GRR Option Agreement.

The Plaintiffs have vide the Shah Alam High Court filed a writ against MPSB on 19 January 2018 claiming for:

(a) RM1,816,179.35 being the outstanding rentals up till July 2017;
(b) 8% interest on the outstanding rentals or such other rate of interest as this Honorable Court deems just on the outstanding rentals as stated in para (i) above;
(c) Cost; and
(d) Any other relief that deemed fit by the Honorable Court.

After full trial, the Court had on 26 October 2018 allowed the Plaintiff's claim with interest of 5% per annum from the date of judgement and with costs of RM30,000. The Court has also allowed MPSB to set off in the sum of RM295,181, reducing the Plaintiffs' claim to the sum of RM1,520,998.

MPSB had on 23 November 2018 filed a Notice of Appeal to the Court of Appeal against the decision of the High Court on 26 October 2018 in allowing the Plaintiff's claim. Nevertheless, both parties have reached a settlement on 23 January 2019 that MPSB shall forward on or before 30 January 2019 three (3) post-dated cheques for the total sum of RM1,583,892 in the following manner:

(a) A cheque for the sum of RM250,000 dated 30 January 2019;
(b) A cheque for the sum of RM250,000 dated 28 February 2019; and
(c) A cheque for the sum of RM1,083,892 dated 15 April 2019.

which all of the above post-dated cheques have been served to Messrs Quah & Yeap's office on 30 January 2019.

The Group has accounted for the outstanding rentals amounting to RM1,816,000 except for the 8% interest on the outstanding rentals.

33. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

(i) Proposed private placement and share issuance

On 7 December 2018, the Group announced to undertake a private placement of up to 10% of the total number of issued shares of Meridian Berhad ("Meridian") based on the mandate procured from the shareholders of Meridian pursuant to Sections 75 and 76 of the Companies Act 2016 in Malaysia (previously Section 132D of the Companies Act, 1965) ("Proposed Private Placement"); and proposed share issuance representing up to 10% of the total number of issued shares of the Company ("Subscription Shares") ("Proposed Shares Issuance").

The proposed private placement and share issuance will strengthen the financial position of Meridian and provide Meridian with the necessary funds for working capital for the business operations of the Group, and provide an initial funding for Meridian to develop Kuala Linggi Land.

Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 8 January 2019, approved the following:

(a) up to 49,255,529 new ordinary shares in Meridian to be issued pursuant to the Proposed Private Placement; and
(b) up to 49,255,529 new ordinary shares in Meridian to be issued pursuant to the Proposed Shares Issuance.

The approvals granted by Bursa Securities are subject to, amongst others, the following conditions:

(a) Meridian and AmInvestment Bank must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities ("Main Market LR") pertaining to the implementation of the Proposed Private Placement and Proposed Shares Issuance;
(b) Meridian and AmInvestment Bank to inform Bursa Securities upon the completion of the Proposed Private Placement and Proposed Shares Issuance; and
(c) Meridian and AmInvestment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement and Proposed Shares Issuance are completed.

(ii) Material litigation

Class action initiated by 22 owners of The Arc @ Cyberjaya

A wholly owned subsidiary of the Group, Maju Puncakbumi Sdn. Bhd. ("MPSB"), the developer for The Arc @ Cyberjaya project has been served with a Shah Alam High Court Writ of Summons and Statement of Claim by Richard Tan Loke Yew dated 6 March 2019 which was received on 18 March 2019.

This is a representative action filed by Richard Tan Loke Yew representing 22 owners of The Arc @ Cyberjaya ("The Owners") against MPSB claiming for the breach of contract for the sum of RM765,888 only in relation to the GRR Option Agreement.

The Plaintiffs have vide the Shah Alam High Court filed a writ against MPSB on 6 March 2019 claiming for:

(a) RM765,888 only being the outstanding rentals up till July 2017;
(b) 5% interest on the outstanding rentals as stated in paragraph (a) above;
(c) Cost; and
(d) Any other relief that deemed fit by the Honorable Court.

The Group intends to defend the suit and will take all necessary steps in this regard.

(iii) Disposal of the entire equity interest in a subsidiary, Cemerlang Land Sdn. Bhd.

On 4 April 2019, the Company entered into a Share Purchase Agreement with Icon Advantage Sdn. Bhd. to dispose off its 100% equity interest in Cemerlang Land Sdn. Bhd., a wholly owned subsidiary of the Company, for a cash consideration of RM2,000.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **DATO' TEOH SENG KIAN** and **DATIN CHAN HENG SI**, being two of the directors of MERIDIAN BERHAD *(formerly known as Meda Inc. Berhad)*, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 43 to 127 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:

....

DATO' TEOH SENG KIAN
Director

....

DATIN CHAN HENG SI
Director

Kuala Lumpur

Date: 25 April 2019

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, **LIM WEE CHUN**, being the officer primarily responsible for the financial management of MERIDIAN BERHAD *(formerly known as Meda Inc. Berhad)*, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 43 to 127 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.

....

LIM WEE CHUN
MIA membership number: 26067

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 25 April 2019.

Before me,

....

ABDUL SHUKOR BIN MD NOOR
License No.W725
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MERIDIAN BERHAD
(FORMERLY KNOWN AS MEDA INC. BERHAD)
(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Meridian Berhad *(formerly known as Meda Inc. Berhad)*, 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 43 to 127.

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.

Funding requirements and ability to meet short term obligation (Note 30(b)(ii) to the financial statements)

We focused on this area due to the significant amount of short-term liabilities, which resulted in the Group's current liabilities exceeding its current assets by RM17,395,000 and significant judgement involved in determining the assumptions used by the directors in arriving at the Group's cash flows forecast for the next 12 months.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous cash flows forecast to assess the performance of the business and reliability of the forecasting process;
- reviewing the cash flows forecast approved by the Board of Directors by discussing the Group's assumptions in relation to key inputs such as revenue and profit margin;
- testing the mathematical accuracy of the cash flows forecast calculation; and
- discussing and understanding the Group's executed funding plans.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERIDIAN BERHAD *cont'd*
(Formerly known as Meda Inc. Berhad)
(Incorporated in Malaysia)

Key Audit Matters *cont'd*

Trade and other receivables (Note 9 to the financial statements)

The carrying amount of the trade and other receivables of the Group and of the Company amounted to RM18,498,000 and RM76,165,000 respectively as at 31 December 2018.

The Group has significant trade receivables as at 31 December 2018 which include certain amounts which are long outstanding. We focused on this area because the directors made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of the reporting period.

Our response:

Our audit procedures included, among others:
- developing understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection or legal reports prepared by management;
- obtaining confirmation of balances from selected receivables;
- reviewing subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significantly past due balances; and
- assessing the reasonableness of impairment charges for identified credit exposures.

Provision for legal claims (Note 19 and Note 32 to the financial statements)

As disclosed in Note 19 and Note 32 to the financial statements, there are numbers of lawsuit filed against a subsidiary of the Group.

The appropriateness and adequacy of provisions made by the Group in respect of legal claim, is subject to inherent uncertainty. We focused on this area because there is significant judgement involved in the assumptions used to estimate the provisions.

Our response:

Our audit procedures included, among others:
- reading legal opinion obtained by the Group;
- discussing with the management and reading of subsequent correspondences; and
- obtaining correspondence from external solicitors and discussing with external solicitors for the identified cases.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERIDIAN BERHAD *cont'd*
(Formerly known as Meda Inc. Berhad)
(Incorporated in Malaysia)

Key Audit Matters *cont'd*

Investment properties – Fair value model (Note 6 to the financial statements)

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

Our response:

Our audit procedures included, among others:

- evaluating the competency, capabilities and objectivity of the external valuers which included consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation by reading the terms of engagement; and
- reading the valuation reports for all significant properties and discussing with external valuers on their valuation approach and the significant judgements they made.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERIDIAN BERHAD *cont'd*
(Formerly known as Meda Inc. Berhad)
(Incorporated in Malaysia)

Auditors' 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERIDIAN BERHAD *cont'd*
(Formerly known as Meda Inc. Berhad)
(Incorporated in Malaysia)

Other Matters

1. As stated in Note 2 to the financial statements, Meridian Berhad *(formerly known as Meda Inc. Berhad)* 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

Ng Boon Hiang
No. 02916/03/2020 J
Chartered Accountant

Kuala Lumpur

Date: 25 April 2019

ANALYSIS OF SHAREHOLDINGS
AS AT 18 APRIL 2019

ORDINARY SHARES

Issued and Fully Paid-Up Share Capital	:	RM258,185,646.00
Number of Issued Shares	:	492,555,292 (inclusive of 9,563,400 treasury shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share held, on poll voting

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 18 APRIL 2019

Size of Shareholdings	No. of Shareholders	%	No. of Shares	% of issued Holdings
1 – 99	54	0.58	1,183	0.00
100 – 1,000	6,579	70.71	6,506,924	1.35
1,001 – 10,000	1,953	20.99	8,421,814	1.74
10,001 – 100,000	561	6.03	18,273,560	3.78
100,001 to 24,149,593 *	155	1.67	317,843,212	65.81
24,149,594 and above of issued shares**	2	0.02	131,945,199	27.32
TOTAL	**9,304**	**100.00**	**482,991,892**	**100.00**

Notes:

* *Less than 5% of issued shares excluding treasury shares*
** *5% and above of issued shares excluding treasury shares*

DIRECTORS' SHAREHOLDINGS
AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 18 APRIL 2019

		Shareholdings		
Name of Directors	Direct	%	Indirect	%
Dato' Seri Dr. Mohd Ariff Bin Araff	–	–	–	–
Dato' (Dr.) Teoh Seng Foo	2,068,400	0.43	6,128,000 #	1.27
Dato' Teoh Seng Kian	37,961,324	7.71	–	–
Chin Wing Wah	775,200	0.16	–	–
Dato' Yap Ting Hau	69,358,507	14.36	77,586,692 *	16.06
Datin Chan Heng Si	–	–	146,945,199 ^	30.42
Leong Yeng Kit	–	–	–	–
Karlson Goh Kar Sheng	–	–	–	–

Notes:

Indirect interest held through his spouse, Datin Cheam Shaw Fin.
* *Indirect interest held through M101 Ventures Sdn Bhd.*
^ *Indirect interest held through M101 Ventures Sdn Bhd and spouse.*

ANALYSIS OF SHAREHOLDINGS *cont'd*
AS AT 18 APRIL 2019 *cont'd*

SUBSTANTIAL SHAREHOLDERS
AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 18 APRIL 2019

	Shareholdings			
Name of Substantial Shareholders	**Direct**	**%**	**Indirect**	**%**
M101 Bukit Bintang Sdn. Bhd.	-	-	77,586,692 #	16.06
M101 Ventures Sdn. Bhd.	77,586,692	16.06	-	-
Dato' Yap Ting Hau	69,358,507	14.36	77,586,692 *	16.06
Datin Chan Heng Si	-	-	146,945,199 ^	30.42
Dato' Teoh Seng Aun	64,692,212	13.39	-	-
Dato' Teoh Seng Kian	37,961,324	7.71	-	-
Dato' Tiong Kwing Hee	66,572,500	13.52	-	-

Notes:

 # Indirect interest held through M101 Ventures Sdn Bhd.
** Indirect interest held through M101 Ventures Sdn Bhd.*
^ Indirect interest held through M101 Ventures Sdn Bhd and spouse.

THIRTY (30) LARGEST SHAREHOLDERS AS AT 18 APRIL 2019
(BASED ON RECORDS OF DEPOSITORS)

No.	Name of Shareholders	No. of Shares Held	%
1.	M101 VENTURES SDN BHD	77,586,692	16.0638
2.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP TING HAU	54,358,507	11.2545
3.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG KWING HEE (MGN-TKH0013M)	21,301,100	4.4102
4.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH SENG AUN (STG)	19,629,000	4.0640
5.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG KWING HEE (DHG)	16,618,900	3.4408
6.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT- AMBANK (M) BERHAD FOR YAP TING HAU (SMART)	15,000,000	3.1056
7.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH SENG AUN (MGN-TSA0002M)	13,748,500	2.8465
8.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TIONG KWING HEE (SMART)	13,380,000	2.7702

THIRTY (30) LARGEST SHAREHOLDERS AS AT 18 APRIL 2019 *cont'd*
(BASED ON RECORDS OF DEPOSITORS)

No.	Name of Shareholders	No. of Shares Held	%
9.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH SENG KIAN (MARGIN)	11,306,300	2.3409
10.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH SENG AUN	10,748,924	2.2255
11.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TEOH SENG AUN (SMART)	10,250,000	2.1222
12.	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	10,240,300	2.1202
13.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH SENG KIAN (MGN-TSK0015M)	9,511,300	1.9692
14.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TEOH SENG KIAN (MY1919)	8,000,000	1.6563
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TEOH SENG AUN (MY1941)	8,000,000	1.6563
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WAWASAN FOKUS SDN.BHD.	7,270,100	1.5052
17.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR COMMERCE PRISM SDN. BHD.	7,000,000	1.4493
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG KWING HEE (8068389)	6,684,500	1.3840
19.	CHEAM SHAW FIN	6,128,000	1.2688
20.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEN SAU MOU	6,000,000	1.2423
21.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WAWASAN FOKUS SDN BHD	6,000,000	1.2423
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN SHIE HORNG	5,437,400	1.1258
23.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR TEOH SENG KIAN (SFC)	4,890,000	1.0124
24.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LO GA LUNG (M05)	4,563,100	0.9448

THIRTY (30) LARGEST SHAREHOLDERS AS AT 18 APRIL 2019 *cont'd*
(BASED ON RECORDS OF DEPOSITORS)

No.	Name of Shareholders	No. of Shares Held	%
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN YOU TIONG	4,352,000	0.9011
26.	TIONG KWING HEE	3,555,000	0.7360
27.	TEOH SENG AUN	3,300,000	0.6832
28.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR ABD RAHMAN BIN HARUN (SMART)	3,240,000	0.6708
29.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE (EFGBHK-ASING)	3,208,900	0.6644
30.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG KWING HEE (8088854)	3,133,000	0.6487
	TOTAL	**374,441,523**	**77.5253**

ANALYSIS OF WARRANTHOLDINGS
AS AT 18 APRIL 2019

WARRANTS 2011/2021 (WARRANT A)

No. of warrants in issue	:	51,949,500
Exercise price of warrants	:	RM0.50 for each warrant exercise
Exercise period of warrants	:	16 August 2011 to 15 August 2021
Voting Rights at Meeting of Warrantholders	:	One vote per warrant, on poll voting at meeting of warrantholders

ANALYSIS OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
Less than 100	8	1.00	282	0.00
100 – 1,000	467	58.30	193,500	0.37
1,001 - 10,000	192	23.97	721,605	1.39
10,001- 100,000	82	10.24	3,155,230	6.07
100,001 – 2,597,474 *	48	5.99	21,835,524	42.03
2,597,475 and above of issued warrants **	4	0.50	26,043,359	50.13
TOTAL	**801**	**100.00**	**51,949,500**	**100.00**

Notes:

**   Less than 5% of issued warrants*

*** 5% and above of issued warrants*

DIRECTORS' INTERESTS IN WARRANTS
AS PER THE REGISTER OF DIRECTORS' WARRANTHOLDINGS AS AT 18 APRIL 2019

	Warrantholdings			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Dato' Seri Dr. Mohd Ariff Bin Araff	-	-	-	-
Dato' (Dr.) Teoh Seng Foo	867,700	1.67	893,300 #	1.72
Dato' Teoh Seng Kian	2,373,700	4.57	-	-
Chin Wing Wah	580,000	1.12	-	-
Dato' Yap Ting Hau	-	-	-	-
Datin Chan Heng Si	-	-	-	-
Leong Yeng Kit	-	-	-	-
Karlson Goh Kar Sheng	-	-	-	-

 #   Indirect interest held through his spouse, Datin Cheam Shaw Fin.

LIST OF TOP 30 WARRANTHOLDERS AS AT 18 APRIL 2019 (BASED ON RECORDS OF DEPOSITORS)

No.	Name of Warrantholders	No. of Warrants Held	%
1.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIM SENG (MARGIN)	11,012,782	21.1990
2.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WAWASAN FOKUS SDN BHD	6,115,100	11.7712
3.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONE SIERRA SDN BHD	5,160,000	9.9327
4.	CHEN SAU MOU	3,755,477	7.2291
5.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH SENG AUN (MGN-TSA0002M)	2,372,410	4.5668
6.	NEOH GUAN KIE	1,850,000	3.5612
7.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG KWING HEE (DHG)	1,633,732	3.1448
8.	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR CHOOI GIAP KEE	1,085,800	2.0901
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG KWING HEE (8088854)	971,000	1.8691
10.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH SENG KIAN (MARGIN)	867,000	1.6689
11.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG KWING HEE (8068389)	800,000	1.5400
12.	TEOH SENG KIAN	761,900	1.4666
13.	DAN YOKE PYNG	682,000	1.3128
14.	CHEAM SHAW FIN	612,800	1.1796
15.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHU SAI BOON (CCTS)	605,400	1.1654
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN WING WAH (8057372)	580,000	1.1165
17.	TANG SUAN FAA	507,000	0.9759
18.	ENERGY JUNCTION SDN. BHD.	500,000	0.9625

LIST OF TOP 30 WARRANTHOLDERS AS AT 18 APRIL 2019 *cont'd*
(BASED ON RECORDS OF DEPOSITORS)

No.	Name of Warrantholders	No. of Warrants Held	%
19.	HONG LEE CHING	500,000	0.9625
20.	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TANG TECK SUN (B)	445,000	0.8566
21.	LAWRENCE CHIN KOK JIN	436,400	0.8400
22.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TEOH SENG KIAN (MY1919)	400,000	0.7700
23.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TEOH SENG AUN (MY1941)	400,000	0.7700
24.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR TEOH SENG KIAN (SFC)	398,700	0.7675
25.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR TEOH SENG AUN (SFC)	387,400	0.7457
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHU SAI BOON	360,000	0.6930
27.	OW KEE TEIK	300,000	0.5775
28.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NEOH GUAN KIE (CEB)	300,000	0.5775
29.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TEO BOON TONG (M12081)	280,000	0.5390
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHIN SEAN	266,000	0.5120
	Total	**44,345,901**	**85.3635**

ANALYSIS OF WARRANTHOLDINGS

AS AT 18 APRIL 2019

WARRANTS 2012/2022 (WARRANT B)

No. of warrants in issue	:	96,457,766
Exercise price of warrants	:	RM0.60 only for each new share at a step-up mechanism adjusted upwards by RM0.10 at the expiry of every two (2) anniversary years from 24 April 2012 in accordance with the Memorandum of the Deed Poll, where applicable, that is:- 1. RM0.60 from 24 April 2012 to 23 April 2014 2. RM0.70 from 24 April 2014 to 23 April 2016 3. RM0.80 from 24 April 2016 to 23 April 2018 4. RM0.90 from 24 April 2018 to 23 April 2020 5. RM1.00 from 24 April 2020 to 23 April 2022
Exercise period of warrants	:	24 April 2012 to 23 April 2022
Voting Rights at Meeting of Warrantholders	:	One vote per warrant, on poll voting at meeting of warrantholders

ANALYSIS OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
Less than 100	234	2.00	8,373	0.01
100 – 1,000	10,000	85.32	3,007,595	3.12
1,001 - 10,000	1,020	8.70	2,956,301	3.06
10,001- 100,000	324	2.76	14,754,897	15.30
100,001 – 4,822,887(*)	142	1.21	68,229,200	70.73
4,822,888 and above of issued warrants	1	0.01	7,501,400	7.78
TOTAL	**11,721**	**100.00**	**96,457,766**	**100.00**

Notes: * *Less than 5% of issued warrants*
** *5% and above of issued warrants*

DIRECTORS' INTERESTS IN WARRANTS AS PER THE REGISTER OF DIRECTORS' WARRANTHOLDINGS AS AT 18 APRIL 2019

	Warrantholdings			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Dato' Seri Dr. Mohd Ariff Bin Araff	-	-	-	-
Dato' (Dr.) Teoh Seng Foo	5,687,500	5.90	1,532,000#	1.59
Dato' Teoh Seng Kian	2,501,500	2.60	-	-
Chin Wing Wah	-	-	-	-
Dato' Yap Ting Hau	-	-	-	-
Datin Chan Heng Si	-	-	-	-
Leong Yeng Kit	-	-	-	-
Karlson Goh Kar Sheng	-	-	-	-

 # Indirect interest held through his spouse, Datin Cheam Shaw Fin.

LIST OF TOP 30 WARRANTHOLDERS AS AT 18 APRIL 2019 (BASED ON RECORDS OF DEPOSITORS)

No.	Name of Warrantholders	No. of Warrants Held	%
1.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH SENG AUN (MGN-TSA0002M)	7,501,400	7.7769
2.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG KWING HEE (DHG)	4,334,000	4.4932
3.	HENG YONG KANG @ WANG YONG KANG	3,261,000	3.3808
4.	GOPI A/L AMBALAGAN	2,556,600	2.6505
5.	SEIK THYE KONG	1,970,400	2.0428
6.	CHONG CHEE KONG	1,791,000	1.8568
7.	LOH CHEE KONG	1,700,000	1.7624
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHIEW HOW HUA	1,670,000	1.7313
9.	HLIB NOMINEES (TEMPATAN) SDN BHDTIONG CHIN TUNG PLEDGED SECURITIES ACCOUNT FOR BOON KIM YU (CCTS)	1,586,000	1.6442
10.	CHEAM SHAW FIN	1,532,000	1.5883
11.	LEE YONG WAH	1,500,000	1.5551
12.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH (008)	1,440,250	1.4931
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE YONG SAM	1,300,000	1.3477
14.	LAWRENCE CHIN KOK JIN	1,093,300	1.1334
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHIN SEAN	1,090,000	1.1300
16.	TANG SUAN FAA	1,060,000	1.0989
17.	CHEN SAU MOU	1,042,500	1.0808
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG KWING HEE (8068389)	1,026,125	1.0638

LIST OF TOP 30 WARRANTHOLDERS AS AT 18 APRIL 2019 *cont'd*
(BASED ON RECORDS OF DEPOSITORS)

No.	Name of Warrantholders	No. of Warrants Held	%
19.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR TEOH SENG AUN (SFC)	843,500	0.8745
20.	LAM YEN LING	759,200	0.7871
21.	LEE CHOONG YONG	750,000	0.7775
22.	CHAN KOK LEONG	730,000	0.7568
23.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI EE FONG (E-TSA)	725,400	0.7520
24.	ABDUL RAHMAN BIN MOHAMAD ALI	722,000	0.7485
25.	YONG SIEW NGEE	716,000	0.7423
26.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR TEO ENG SENG	700,000	0.7257
27.	WONG YOKE SUM	690,200	0.7155
28.	MUHAMAD AZMI BIN KAILAN	687,200	0.7124
29.	SING KIM HENG	650,000	0.6739
30.	LIM KENG JIN	603,300	0.6255
	Total	**46,031,375**	**47.7217**

ANALYSIS OF WARRANTHOLDINGS

AS AT 18 APRIL 2019

WARRANTS 2014/2024 (WARRANT C)

No. of warrants in issue	:	48,421,408
Exercise price of warrants	:	RM0.80 only payable in respect of each new ordinary share or such adjusted price, as in accordance with the Memorandum of the Deed Poll, if applicable
Exercise period of warrants	:	25 August 2014 to 24 August 2024
Voting Rights at Meeting of Warrantholders	:	One vote per warrant, on poll voting at meeting of warrantholders

ANALYSIS OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
Less than 100	116	1.14	2,723	0.01
100 – 1,000	9,518	93.35	1,600,471	3.31
1,001 - 10,000	402	3.94	1,167,636	2.41
10,001- 100,000	96	0.94	4,058,958	8.38
100,001 – 2,421,069 (*)	61	0.60	28,541,520	58.94
2,421,070 and above of issued warrants	3	0.03	13,050,100	26.95
TOTAL	**10,196**	**100.00**	**48,421,408**	**100.00**

Notes:

* *Less than 5% of issued warrants*

** *5% and above of issued warrants*

DIRECTORS' INTERESTS IN WARRANTS
AS PER THE REGISTER OF DIRECTORS' WARRANTHOLDINGS AS AT 18 APRIL 2019

	Warrantholdings			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Dato' Seri Dr. Mohd Ariff Bin Araff	–	–	–	–
Dato' (Dr.) Teoh Seng Foo	2,243,000	4.63	612,800 #	1.27
Dato' Teoh Seng Kian	5,658,032	11.68	–	–
Chin Wing Wah	102,020	0.21	–	–
Dato' Yap Ting Hau	–	–	–	–
Datin Chan Heng Si	–	–	–	–
Leong Yeng Kit	–	–	–	–
Karlson Goh Kar Sheng	–	–	–	–

Indirect interest held through his spouse, Datin Cheam Shaw Fin.

LIST OF TOP 30 WARRANTHOLDERS AS AT 18 APRIL 2019 (BASED ON RECORDS OF DEPOSITORS)

No.	Name of Warrantholders	No. of Warrants Held	%
1.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH SENG AUN (MGN-TSA0002M)	7,953,800	16.4262
2.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TEOH SENG AUN (SMART)	2,643,000	5.4583
3.	LAU MEI CHIN	2,453,300	5.0666
4.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEN SAU MOU	2,236,540	4.6189
5.	NEOH GUAN KIE	1,847,130	3.8147
6.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG KWING HEE (DHG)	1,794,890	3.7068
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHIN SEAN	1,736,500	3.5862
8.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONE SIERRA SDN BHD	1,731,900	3.5767
9.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH SENG AUN (STG)	1,418,200	2.9289
10.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TEOH SENG KIAN (MY1919)	1,390,730	2.8721
11.	NGOI LEONG EE	940,100	1.9415
12.	MAJESTIC WIZARD SDN BHD	913,120	1.8858
13.	MOHD ABDUL AZIZ BIN MOHAMED	829,000	1.7121
14.	TONG THIAN TIONG	707,600	1.4613
15.	TAN PEE @ TAN NGIAP	700,000	1.4456
16.	CHEAM SHAW FIN	612,800	1.2656
17.	ADLINA HO BINTI ABDULLAH	576,500	1.1906
18.	KHOR CHIN PAR	501,100	1.0349

LIST OF TOP 30 WARRANTHOLDERS AS AT 18 APRIL 2019 *cont'd*
(BASED ON RECORDS OF DEPOSITORS)

No.	Name of Warrantholders	No. of Warrants Held	%
19.	WAN MOHD ZAKI BIN WAN MD ALI	473,500	0.9779
20.	CHEN SAU MOU	449,000	0.9273
21.	CHUA BOON SIANG	432,800	0.8938
22.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WAWASAN FOKUS SDN.BHD.	400,000	0.8261
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN YOU TIONG	400,000	0.8261
24.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOKHIRE AZMANI BIN MOHAMED (STA 2)	390,000	0.8054
25.	KONG KOK CHIEW	359,000	0.7414
26.	TIONG KWING HEE	355,500	0.7342
27.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE (EFGBHK-ASING)	320,890	0.6627
28.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG KWING HEE (8088854)	316,200	0.6530
29.	CHAN WAI YUE	300,000	0.6196
30.	LOW CHEE HOONG	300,000	0.6196
	Total	**35,483,100**	**73.2799**

LIST OF PROPERTIES

No.	Address	Description	Approximate Areas	Existing Use	Tenure	Approx. Age of Building	Net Book Value as at 31.12.2018 (RM'000)	Date of Last Revaluation
1.	Plaza Bukit Mertajam (The Summit), Jalan Arumugam Pillai, 14000 Bukit Mertajam, Pulau Pinang.	Buildings (Shopping Mall, Retail Lots, Office Tower and Car Parks)	29,891.76 square metres	151 Stratified Parcels of Retail Lots and Office Lots	Freehold	17	50,409	30.12.2018
2.	Lot PT Nos. 676 - 892, 893 - 1372, 1373, 1374, 1375, Lot 3742 (formerly PT 1376), 1396, 1397, 1400, 1409 - 1411, 1413, 1415 - 1416, 1428 (HSD 17943), 1429 (HSD 17944), 1437, 1443, 1427, 1428 (HSD 18574), 1429 (HSD 18575), 1621 - 1638, 1639 - 1647, 1648 - 1757, 1759, 1760, 1762 - 1784, 1785 - 1823, 1826, 1829, 1827, 1830 - 1832, 2059 - 2077, 2080 - 2108, Mukim of Kuala Linggi and Lot PT Nos. 1271 - 1306, 1313, 1314, 1406, 1395, 1399, 1400, 1422 - 1423, Mukim of Kuala Sungei Baru, all held under District of Alor Gajah, State of Melaka.	Land	622.13 acres	1,014 Subdivided lots. Vacant orchard land, mixed development and resort under development	Leasehold 99 years (Expire on 27.8.2108)	N/A	70,965	07.11.2018
3.	Lot PT Nos. 50 - 83, Pekan Tanjong Kling Sek. II, District of Melaka Tengah, State of Melaka.	Land	9.73 acres	34 Subdivided lots. Land under mixed development	Freehold	N/A	19,157	09.11.2018
4.	GRN 320831, 320833 and 320834, Lot Nos. 108295, 108297 and 108298 (formerly HS(D) 34518, 34520 and 34521, Lot PT Nos. 48498, 48500 and 48501), Mukim of Dengkil,	Land	6.12 acres	3 Parcels of Vacant Land under mixed development	Freehold	N/A	38,500	18.01.2019
	District of Sepang, State of Selangor.							
	TOTAL						**179,031**	

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 19th Annual General Meeting of the Company will be held at Grand Ballroom, Level 23, RED by Sirocco, Kuala Lumpur, Menara M101, Dang Wangi, No. 3 Jalan Kamunting, 50300 Kuala Lumpur on Tuesday, 28 May 2019 at 2.00 p.m. to transact the following businesses:-

AGENDA

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 Explanatory Notes]**

2. To approve the payment of Directors' fees amounting to RM175,000 for the financial year ended 31 December 2018. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees up to an amount of RM337,500 for the period commencing from 1 January 2019 until the next Annual General Meeting in year 2020. **Ordinary Resolution 2**

4. To approve the payment of Directors' benefits (excluding Directors' fees) up to an amount of RM170,000 to the Non-Executive Directors for the period commencing from the date of the forthcoming Annual General Meeting until the next Annual General Meeting in year 2020. **Ordinary Resolution 3**

5. To re-elect the following Director who retires pursuant to Article 96(1) of the Company's Constitution:-

   5.1 Dato' Teoh Seng Kian **Ordinary Resolution 4**

6. To re-elect the following Directors who retire pursuant to Article 103 of the Company's Constitution:-

   6.1 Dato' Yap Ting Hau **Ordinary Resolution 5**
   6.2 Datin Chan Heng Si **Ordinary Resolution 6**
   6.3 Leong Yeng Kit **Ordinary Resolution 7**
   6.4 Karlson Goh Kar Sheng **Ordinary Resolution 8**

7. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and authorise the Directors to fix their remuneration. **Ordinary Resolution 9**

SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modifications, the following Resolutions:-

8. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** **Ordinary Resolution 10**

   "THAT subject to the Companies Act, 2016 and the Constitution of the Company and approvals from the Securities Commission and Bursa Malaysia Securities Berhad and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act, 2016 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

9. **PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRAFING NATURE** **Ordinary Resolution 11**

"THAT approval be and is hereby given to the Company and/or its subsidiary companies to renew the mandate from the shareholders of the Company for the Company and/or its subsidiary companies to enter into and give effect to Recurrent Related Party Transactions of a revenue or trading nature with specified classes of the Related Parties as stated in Part A of the Circular to Shareholders dated 29 April 2019 ("Circular") which are necessary for the Group's day-to-day operations in the ordinary course of business on terms not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company **AND THAT**, such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company after the date is required to be held pursuant to Sections 340(1) and 340(2) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier, and disclosure will be made in the annual report of the aggregate value on the transactions conducted during the financial year pursuant to the shareholders' mandate.

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to this resolution."

10. **PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR** **Ordinary Resolution 12**

"THAT Dato' Seri Dr. Mohd Ariff Bin Araff be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director notwithstanding that he has been on the Board of the Company for a cumulative term of more than nine (9) years."

11. **PROPOSED ADOPTION OF NEW CONSTITUTION** **Special Resolution 1**

"THAT approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company be and is hereby adopted as the Constitution of the Company.

AND THAT the directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

12. **ANY OTHER BUSINESS**

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

BY ORDER OF THE BOARD

WONG YOUN KIM (MAICSA 7018778)
Company Secretary
Kuala Lumpur
Date: 29 April 2019

NOTES :

(a) In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 May 2019 ("General Meeting Record of Depositors") are entitled to attend, speak and vote at the Company's 19th Annual General Meeting to be held on 28 May 2019.

(b) A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

(c) A proxy need not be a member of the Company. A member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy.

(d) In the case of a corporate body, the proxy appointed must be in accordance with the Constitution and the instrument appointing a proxy shall be given under the company's common seal or under the hand of an officer or attorney of the corporation duly authorised.

(e) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, 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 respects of each omnibus account it holds.

(f) The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Company Registrar, Boardroom Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya not less than forty eight (48) hours before the time set for holding the meeting or at any adjournment thereof.

(g) Any alteration in the Form of Proxy must be initialed.

EXPLANATORY NOTES:

1. **To receive the Audited Financial Statements**

   The shareholders' approval on the Audited Financial Statements are not required pursuant to Section 340(1) of the Companies Act 2016 ("Act"), hence, the matter will not be put for voting.

2. **Ordinary Resolution 3**
   - Payment of Directors' fees and benefits made payable to Non-Executive Directors

   The proposed Directors' fees of RM170,000 be maintained as per previous financial year 2017 payable to Non-Executive Directors.

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

The Company is seeking shareholders' approval on the benefits/emoluments payable to the Non-Executive Directors which comprises of meeting allowance of RM1,000 per meeting of the Board and Board Committees for the period commencing from the date of forthcoming Annual General Meeting until the next Annual General Meeting in year 2020 as reimbursement for lodging, food and travelling expenses. The meeting allowances which will only be accorded based on actual attendance of meetings by the Directors.

3. **Ordinary Resolution 10**
- Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed Ordinary Resolution No. 10, if passed, will authorise the directors to issue shares up to 10% of the issued share capital of the Company for the time being for such purposes as the directors consider would be in the best interest of the Company. The purpose for the renewal of a general mandate is to avoid any delay and cost in convening a general meeting to specifically approve such an issue of shares for any possible fund raising activities (excluding placing of shares) for the purpose of funding future investment projects, additional working capital etc.

This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The Company did not issue any new shares pursuant to the mandate granted to the directors at the last Annual General Meeting held on 25 May 2018 which will lapse at the conclusion of the forthcoming Annual general Meeting.

4. **Ordinary Resolution 12**
- Proposed Retention of Independent Director

The proposed Ordinary Resolution No. 12, if passed, will allow the independent director to be retained and continue acting as independent director to fulfill the requirements of Paragraph 3.04 of the Main Market Listing Requirements and the Malaysian Code on Corporate Governance 2017. Pursuant to recommendation No. 4.2 of the Malaysian Code on Corporate Governance 2017, the proposed resolution will go through a two-tier voting if the board continues to retain independent director after the twelfth year.

5. **Special Resolution 1**
- Proposed Adoption of new Constitution

The Special Resolution 1, if passed, will align the Constitution of the Company with the Act, which came into force on 31 January 2017, the updated provisions of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and the prevailing statutory and regulatory requirements as well as to provide clarity and consistency with the amendments that arise from the Act and MMLR. The proposed new Constitution is set out in the Part B of the Circular to Shareholders dated 29 April 2019, which was circulated together with the Annual Report.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and /or representative(s) to attend, speak and vote at the Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETIING

1. The Directors who are standing for re-election at the 19th Annual General Meeting of the Company pursuant to Articles 96(1) and 103 of the Constitution of the Company are:

    (a) Dato' Teoh Seng Kian - Article 96(1)
    (b) Dato' Yap Ting Hau - Article 103
    (c) Datin Chan Heng Si - Article 103
    (d) Leong Yeng Kit - Article 103
    (e) Karlson Goh Kar Sheng - Article 103

    The details of the above Directors seeking re-election are set out in the Board of Directors' Profile as disclosed on page 12 to page 15 of this Annual Report.

2. The details of the above Directors' interest in the securities of the Company are stated on page 40 of this Annual Report.

3. The statement relating to the general mandate for authority to issue shares is set out in the Explanatory Notes to the Notice of the 19th Annual General Meeting on page 152 of this Annual Report.

MERIDIAN BERHAD (507785-P)
(formerly known as Meda Inc. Berhad)
(Incorporated in Malaysia)

FORM OF PROXY

Number of Shares Held	
CDS Account No.	

I / We ______________________ NRIC No./Passport No./Company No. ______________________

of ____

being a member / members of **MERIDIAN BERHAD** (formerly known as Meda Inc. Berhad) hereby appoint :-

FIRST PROXY

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

If you wish to appoint a second proxy, this section must also be completed, otherwise it should be deleted.

SECOND PROXY

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
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 19th Annual General Meeting of the Company to be held at Grand Ballroom, Level 23, Red By Sirocco, Kuala Lumpur, Menara M101, Dang Wangi, No. 3 Jalan Kamunting, 50300 Kuala Lumpur on Tuesday, 28 May 2019 at 2.00 p.m. and at any adjournment thereof.

Resolutions		First Proxy		Second Proxy	
		For	Against	For	Against
Ordinary Resolution 1	Payment of Directors' fees for the financial year ended 31 December 2018.				
Ordinary Resolution 2	Payment of Directors' fees for the period commencing from 1 January 2019 until the next Annual General Meeting in year 2020.				
Ordinary Resolution 3	Payment of Directors' benefits to the Non-Executive Directors for the period commencing from the date of forthcoming Annual General Meeting until the next Annual General Meeting in year 2020.				
Ordinary Resolution 4	Re-election of Dato' Teoh Seng Kian as Director				
Ordinary Resolution 5	Re-election of Dato' Yap Ting Hau as Director				
Ordinary Resolution 6	Re-election of Datin Chan Heng Si as Director				
Ordinary Resolution 7	Re-election of Leong Yeng Kit as Director				
Ordinary Resolution 8	Re-election of Karlson Goh Kar Sheng as Director				
Ordinary Resolution 9	Re-appointment of Auditors				
Ordinary Resolution 10	Authority to Issue and Allot Shares				
Ordinary Resolution 11	Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature				
Ordinary Resolution 12	Proposed Retention of Independent Director				
Special Resolution 1	Proposed Adoption of New Constitution				

*Please indicate with an "X" in the appropriate space how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit or, at his discretion, abstain from voting.

Dated this ____________ day of ____________ 2019

____
* Signature / Common Seal of Shareholder
(* Delete if not applicable)

NOTES:

(a) In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 May 2019 ("General Meeting Record of Depositors") are entitled to attend, speak and vote at the Company's 19th Annual General Meeting to be held on 28 May 2019.

(b) A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

(c) A proxy need not be a member of the Company. A member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy.

(d) In the case of a corporate body, the proxy appointed must be in accordance with the Constitution and the instrument appointing a proxy shall be given under the company's common seal or under the hand of an officer or attorney of the corporation duly authorized.

(e) Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, 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 respects of each omnibus account it holds.

(f) The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Company Registrar, Boardroom Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya not less than forty eight (48) hours before the time set for holding the meeting or at any adjournment thereof.

(g) Any alteration in the Form of Proxy must be initialed.

Fold This Flap For Sealing

Then Fold Here

AFFIX
POSTAGE
STAMP

The Company's Registrar
MERIDIAN BERHAD (Co. No. 507785-P)
(formerly known as Meda Inc. Berhad)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1 A/46
47301 Petaling Jaya

1st Fold Here

www.meda.com.my

MERIDIAN BERHAD 507785-P
(formerly known as Meda Inc. Berhad)

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