MEDA INC

(Company No.: 507785-P)

Annual Report

2017

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.

Contents

Corporate Profile

Meda 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 Meda's business. Meda is committed to the timely delivery of quality products and services. Meda 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. The overall thrust of Meda Human Resource Strategy is to recruit, reward and retain the best employees.

As Meda 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

OOI GIAP CH'NG
Independent Non-Executive Director

CHIN WING WAH
Independent Non-Executive Director

AN SIEW CHONG
Executive Director/Chief Operating Officer

COMPANY SECRETARY

Tan Shim Chieng
(MAICSA 7013540)

REGISTERED OFFICE

No. 10-G & 10-1, Jalan USJ Sentral 3
UEP Subang Jaya
47610 Subang Jaya
Selangor Darul Ehsan
Tel : 03-7452 8888
Fax : 03-7452 8899

AUDITORS

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

REGISTRAR

Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8 First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7720 1188
Fax : 603-7720 1111

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Board

WEBSITE

www.meda.com.my

MEDA INC
(Company No.: 507785-P)

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% GOLDEN SCEPTRE (MM2H) SDN BHD
- 100% FALCON PAVILLION SDN BHD

Management Discussion and Analysis

BUSINESS OVERVIEW

Meda Inc. Berhad ("Meda Inc." or "the Group") is a home-grown property company that is focused in three core areas, namely property development, construction as well as property investments.

Listed on the Main Board of the Bursa Malaysia Securities Bhd (Property Sector) on 19 March 2002, Meda Inc. has over the years developed and delivered a diverse range of commercial and residential property products throughout Malaysia. The Group property projects located in Larkin, Johor Bahru; Cyberjaya, Selangor; Kuala Linggi, Melaka; and Sungai Siput, Perak.

Embracing its commitment towards continuous improvements, Meda Inc. strives to become a leading property developer of innovative yet affordable product concepts that are set within strategically located areas.

As of 31 December 2017, the Group's undeveloped landbank stood at 750.78 acres in total. Out of this, 112.8 acres is located in Sungai Siput, Perak; 622.13 acres in Kuala Linggi, Melaka; 9.73 acres in Tanjong Kling, Melaka and 6.12 acres in Sepang, Selangor.

CORPORATE DEVELOPMENTS

On 20 April 2017, Meda Inc. had entered into a conditional Sale and Purchase Agreement (SPA) for the proposed disposal of The Summit Hotel Bukit Mertajam, which is owned by its wholly-owned subsidiary, ZKP Development Sdn. Bhd, to Teraju Menang Sdn. Bhd.. The proposed disposal is for a cash consideration of RM20 million, which resulted in the Group realising a gain of approximately RM5.2 million. The Sale and Purchase Agreement has since become unconditional on 20 December 2017.

On 2 May 2017, Meda Inc. had officially announced the change of its registered address. The Group's new registered address and headquarters is currently located within the vibrant USJ Sentral 3 commercial center in UEP Subang Jaya.

<u>Material Litigation</u>

On 4 October 2017, there was a representation action lawsuit of 137 owners filed against a wholly owned subsidiary, Maju Puncakbumi Sdn Bhd ("MPSB"), claiming for the breach of contract in relation to the Option Agreement of The Arc @ Cyberjaya.

On 9 November 2017, a summary judgment was obtained against MPSB but nevertheless, the judgment was stayed pending the hearing of the Court of Appeal on 29 January 2018. The Court of Appeal has directed both parties to file and serve their written submissions on or before 7 May 2018 and the hearing has been fixed for 21 May 2018.

Management Discussion and Analysis
cont'd

We expect this litigation to have no further financial impact as the Group has already captured all the outstanding rentals amounting to RM3.972 million as well as the 8% interest on the outstanding rentals.

On 23 January 2018, MPSB received a Writ of Summons and Statement of Claim involving 55 owners of The Arc @ Cyberjaya in a representative action claiming for the breach of contract in relation to the aforementioned Option Agreement. The Group intends to defend the suit due to some discrepancies. Again, we expect no further financial impact from this suit as the Group has already captured all the outstanding rentals.

REVIEW OF FINANCIAL RESULTS

The operating landscape across the property industry in Malaysia remained challenging throughout 2017. According to the National Property Information Centre (NAPIC), total transaction volume had continued to drop in the first nine months of 2017 with 229,529 recorded transactions in the period or 4.3% lower compared with the transaction volume in the first nine months of 2016. However, on a brighter note, NAPIC's data showed that transaction value in the first nine months of 2017 stood at RM102.29 billion, an increase of 6.7%, when compared with the same period in 2016. This was due to the completion of several major property deals during the year.

The soft property market had impacted our performance for the financial year ended 31 December 2017. During the year under review, the Group recorded revenue of RM21.4 million. This was 70% lower when compared with revenue of RM71 million recorded a year ago. The year-on-year decline in revenue can be attributed to fewer projects undertaken by the Group and the slower than expected progress of Tanjong Kling (Phase 1) Project during the year under review.

In line with the decline in revenue, the Group's cost of sales had reduced to RM24 million in 2017 compared with RM57 million last year. The Group's Other Income during the year also reduced to RM28 million from RM31 million a year ago.

As a result of the decrease in Other Income coupled with the reduction in Selling and Distribution as well as Administrative Expenses, the Group's Operating Loss increased to RM3.7 million from RM1.4 million a year ago.

All in all, for the year ended 31 December 2017, the Group registered a net loss of RM8.8 million.

REVIEW OF OPERATIONS

Meda Inc.'s property development and construction segment remains the largest income generator of the Group, contributing 71.7% to revenue for the financial year ended 31 December 2017.

The Group's on-going project during the year under review is Pr1ma @ Tanjung Kling, which began construction in the first half of 2016.

Management Discussion and Analysis
cont'd

In addition, Meda Inc. is also planning to build more affordable homes within its strategically located landbank in Kuala Linggi, Melaka. These homes will be built under the Melaka Housing Board's *Rumah Mampu Milik* or Affordable Homes programme. The Group had obtained conditional development order approval in March 2017 for the project and further approvals are pending from the relevant authorities. The Group is currently in the midst of preparing for the submission of the building plan and land sub-division.

The Group is also currently in discussions to undertake one or two turnkey property development projects in the Klang Valley. We will make the necessary statutory disclosure in line with Bursa Malaysia's listing requirements as the projects are confirmed.

FORWARD LOOKING STATEMENTS

Meda Inc. is cognisant that the operating landscape for the property industry will continue to be challenging throughout 2018. The persistently soft property market can be attributed to low consumer sentiment and business confidence as a result of marco-economic uncertainties.

Nevertheless, the property market is expected to have found its bottom and will gradually improve moving forward. According to NAPIC, the rate of decline (year-on-year) for the transaction volume of properties have slowed to 4.3% (9M2017) compared to the 11.9% and 6% decline recorded in 9M2016 and 9M2015, respectively.

Affordable houses continue to be in demand with more than 83% of residential transactions are within the RM300,000 and below band, as reported by NAPIC.

In view of this, Meda Inc. intends to rely on its expertise and track record in the affordable housing segment to generate top-line as well as bottom-line growth. We are actively exploring opportunities to work alongside public sector agencies to develop and deliver more affordable homes in order to cater to the acute demand.

At the same time, we are also focused in enhancing our property development segment by exploring potential land bank and joint venture opportunities in the Klang Valley. We believe that by concentrating our property development efforts in the high-growth Klang Valley area, we are able to generate higher profit margins for the Group and affect a tangible turnaround.

As we move further into 2018, the Group is well aware that difficulties still lie ahead. However, we are confident that we can leverage on our prudent management practices and aggressive cost control to create a brighter prospect for our Group and our shareholders in the foreseeable future.

Profile of Board of Directors

DATO' SERI DR. MOHD ARIFF BIN ARAFF
Chairman (Independent/Non-Executive)
Chairman of Nominating Committee
Member of Audit Committee
Aged 73, 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.

Profile of Board of Directors

cont'd

DATO' (DR.) TEOH SENG FOO
Deputy Chairman (Executive)
Chairman of Remuneration Committee
Aged 62, 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 29(ii) in the accompanying financial statements.

DATO' TEOH SENG KIAN
Managing Director (Executive)
Chairman of Risk Management Committee
Chairman of Tender Committee
Aged 58, 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 Meda Inc. 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 29(ii) in the accompanying financial statements.

Profile of Board of Directors
cont'd

CHIN WING WAH
Director (Independent/Non-Executive)
Chairman of Audit Committee
Member of Nominating Committee
Member of Remuneration Committee
Member of Risk Management Committee
Aged 54, Male, Malaysian
Joined the Board on 1 August 2012

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 30 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.

OOI GIAP CH'NG
Director (Independent/Non-Executive)
Member of Audit Committee
Member of Nominating Committee
Member of Remuneration Committee
Aged 59, Male, Malaysian
Joined the Board on 28 December 2001

Ooi Giap Ch'ng graduated with a Bachelor of Law degree and a Bachelor of Economics degree from the Australian National University and was called to the Malaysian Bar in 1987. He has more than 31 years' experience in law practice, mainly in area of commercial, property and corporate law. He is a partner of a legal firm in Kuala Lumpur.

He does not hold any shares in the Company and subsidiaries.

AN SIEW CHONG
Chief Operating Officer (Executive)
Member of Risk Management Committee
Member of Tender Committee
Aged 40, Male, Malaysian
Joined the Board on 10 April 2015

An Siew Chong holds a Bachelor of Degree Commerce in Accounting and Marketing from Curtin University of Technology, Australia and is a member of the Malaysian Institute of Accountants (MIA). He has more than 18 years of working experience in property industry mainly in areas of finance, accounting, corporate finance, tax planning, business development and marketing. Prior to joining Meda Inc. Bhd he was with Villamas Sdn. Bhd. for approximately 6 years with his last position held as the Senior Vice President.

He 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 10 years other than traffic offences, if any.*

Sustainability Statement

PRIORITISING SUSTAINABILITY

Meda Inc. Berhad ("Meda Inc." or "the Group") is committed towards embracing the philosophy of sustainability in a comprehensive manner. Through the adoption of sustainability best practices throughout our value chain, we are convinced that our Group will possess the foundation that can drive growth in a meaningful way while enhancing value for our shareholders and stakeholders at large.

Meda Inc.'s core business activities are focused in property developments, constructions and property investments. As such, the Group is mindful of the role we play in nation building, where we develop and deliver residential homes for individuals and families as well as create commercial buildings for businesses to grow.

In view of this, Meda Inc. understands the need to operate in a transparent and sustainable manner. More so, as a public listed company on the Main Market of Bursa Malaysia, we have the added responsibility to generate tangible value for our loyal shareholders.

Sustainability governance structure

When it comes to matters related to sustainability with our organisation, Meda Inc.'s Board of Directors has tasked the Managing Director, who is supported by the Chief Operating Officer ("COO"), to review, deliberate and approve the Group's sustainability strategy and initiatives. The COO will then cascade the responsibilities to the relevant Heads of Department within the organisation to implement these initiatives accordingly.

Scope of Sustainability Statement

Meda Inc. Sustainability Statement for the year under review covers the entire operations of the Group and its subsidiary companies in Malaysia. The Statement does not cover the Group's associated companies or business partners in joint ventures. The Statement also reports sustainability-related initiatives undertaken for the 12-month period ended 31 December 2017.

IDENTIFYING MATERIAL SUSTAINABILITY MATTERS

Sustainability matters are risks and opportunities arising from the economic, environment and social impacts of our organisation in carrying out its business operations. When it comes to identifying Meda Inc.'s material sustainability matters, which are Economic, Environment and Social ("EES impacts") that matter most to our organisation and stakeholders, we set our priorities according to:

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

Based on the criteria above, the Group was able to assess and prioritise materiality issues based on information and feedback from internal and external parties. This information gathering and assessment process was conducted via structured as well as informal stakeholder engagement exercises.

Material sustainability matters were then identified, prioritised and validated by the Senior management team led by the Managing Director, with the support of the COO.

Meda Inc. has validated four Material Sustainability Matters, namely **Embracing Good Corporate Governance, Compliance, Workplace Best Practices,** and **Community Enrichment**.

Good Corporate Governance

As a progressive public listed company, Meda Inc. understands that ensuring a culture of good corporate governance is a priority for our shareholders. We also believe that inculcating good corporate governance into our organisation will significantly impact the way our Group forms its strategic vision and align the organisation towards achieving that vision in a sustainable manner.

Sustainability Statement
cont'd

IDENTIFYING MATERIAL SUSTAINABILITY MATTERS *cont'd*

Good Corporate Governance *cont'd*

In the area of corporate governance, the Group has set out a Board Charter to ensure that the members of the Board of Directors are aware of their roles, duties and responsibilities as well as underlining the application of principles and practices of good corporate governance. Meda Inc. has also put in place several policies and guidelines that are tailored to instill the practice of good corporate governance throughout our organisation. These include:

1. Directors' Code of Conducts & Ethics
2. Policy on Independence of Directors
3. Corporate Disclosure Policy
4. Whistle Blowing Policy

Further information and details relating to Meda Inc.'s commitment towards corporate governance are provided in the Statement of Corporate Governance section of this Annual Report.

Compliance

Meda Inc. business activities involve the acquisition of land bank, planning and designing residential and commercial properties, building and construction of property products, sales and marketing as well as maintenance and management of properties. The entire value chain of the property development industry are governed by relevant laws, regulations and guidelines that are put in place and enforced by industry regulators and public agencies.

During the year under review, the Group has complied with all laws, regulations and guidelines that are relevant to the projects we are undertaking.

Workplace Best Practices

Our talent is the primary engine that drives our Group forward. In this highly competitive industry, the Group is cognisant that talent with the right skill-set and mind-set is in short supply and have put in place workplace best practices that are aimed to attract, retain and develop our talent.

In terms of training and development, we have invested in various training programmes for all levels within our organisations. We have also carried out an occupational safety and health initiative related to fire prevention during the year under review.

No.	Activities	Date	Department
A	**Staff Training**		
1	Fire Prevention Awareness "NEVER TRUST FIRE"	24/2/2017	All Staff
2	Company Act 2016	19/7/2017	Company Secretary
3	Business Management	25/9/2017-28/9/2017	Project
4	Preparation of Group Accounts	7/11/2017-8/11/2017	Finance
B	**Staff Welfare**		
1	Team Building	Sep/Oct 2017	All Confirmed Staff

Community Enrichment

As a socially responsible organisation, Meda Inc. continues to contribute positively towards enriching the lives of people within our society. On an annual basis, employees within the Group participate in a blood donation drive in collaboration with *Pusat Darah Malaysia*. We believe that blood donation is a meaningful way to inculcate the spirit of giving and sharing amongst our Meda Inc. family while potentially saving the lives of other human beings.

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 Meda Inc. Bhd ("Meda 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 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 Meda'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'S ROLES AND RESPONSIBILITIES

The Board currently consists of six (6) members. There are three (3) Independent Non-Executive Directors and three (3) 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.

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 authorize the same for release to the public via Bursa Malaysia Securities Berhad ("Bursa Securities") and other authorities.

Corporate Governance Overview Statement
cont'd

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

I. BOARD'S ROLES AND 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 29 January 2016, 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 2017 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 2017 is outlined below:-

Director	Board	AC	NC	RC
Executive Directors				
Dato' (Dr.) Teoh Seng Foo	5/5			1/1
Dato' Teoh Seng Kian	5/5			
An Siew Chong	5/5			
Independent Non-Executive Director				
Dato' Seri Dr. Mohd Ariff bin Araff	5/5	6/6	1/1	
Ooi Giap Ch'ng	5/5	6/6	1/1	1/1
Chin Wing Wah	5/5	6/6	1/1	1/1

Board/Board Committee Chairman   Member

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 formalizes 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 formalized 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.

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.

Corporate Governance Overview Statement
cont'd

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

II. COMPOSITION

The Group practices formal procedure on sourcing and appointment of new directors. In searching for suitable candidates, the criterias 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 Nominating Committee ("NC") is tasked to carry out assessment prior to any new appointment, evaluate the right mix and composition of Board and to carry out annual assessment as below:-

a) Appointment Process

The NC is empowered to identify, evaluate and recommend to the Board of candidates for new appointments to the Board. In the process the NC 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 NC; and
v) Recommendation to Board.

b) 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 Meda of each Director standing for re-election are furnished in the Profile of Directors contained in the Annual Report.

The NC 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 18th Annual General Meeting, Dato' (Dr.) Teoh Seng Foo and Mr. Chin Wing Wah are due for re-election under Article 96(1) of the Constitution of the Company. All the above mentioned Directors have consented to serve as Directors, if re-elected or re-appointed by the shareholders at the coming AGM.

Corporate Governance Overview Statement
cont'd

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

II. COMPOSITION *cont'd*

c) Annual Assessment

The NC meets at least once a year and during the meeting the NC 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 NC 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.

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 NC for evaluation, after which, the findings and recommendations are escalated to the Board for its consideration and proposed actions based on the NC recommendations. All Directors' responses from the annual assessment conducted were formally and properly documented.

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

The NC, 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 NC also reviewed the list of training programmes attended by the Directors during the financial year ended 31 December 2017 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 2017 are as follows:-

- Malaysian Code of Corporate Governance
- Audit Committee Oversight & MFRS 15 Revenue from Contract
- The CG Breakfast Series for Directors – Leading Change @ The Brain
- Smart Investment in Property Seminar (XII) 2017 "Property Investment – If Not Now, When?"
- Bursa Malaysia's Sustainability Forum 2017: "The Velocity of Global Change & Sustainability – The New Business Model"
- Companies Act 2016

d) 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. The NC took note of the recommendation in the Corporate Governance Blueprint 2011 to include 30% women participation on the board and will consider female candidate as new Director of the Company as and when the opportunity arises.

A brief profile of each Director is set out in Profile of Directors of this Annual Report.

Corporate Governance Overview Statement
cont'd

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

III. REMUNERATION

The primary function of the Remuneration Committee is set up to review and to recommend 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 2017 is set out as below:-

RM'000	Group	Company					
Directors	Emoluments	Salaries	Fees	BIK	Statutory Contribution	Meeting Allowance	Total
Executive Directors							
Dato' (Dr.) Teoh Seng Foo	-	300,000	-	-	36,000	-	336,000
Dato' Teoh Seng Kian	-	600,000	-	-	72,829	-	672,829
An Siew Chong	-	378,000	-	-	46,189	-	424,189
Non-Executive Directors							
Dato' Seri Dr. Mohd Ariff bin Araff (Chairman)	-	-	75,000	-	-	11,000	86,000
Ooi Giap Ch'ng	-	-	45,000	-	-	12,000	57,000
Chin Wing Wah	-	-	50,000	-	-	12,000	62,000

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

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 10 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.

II. 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.

Corporate Governance Overview Statement
cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK *cont'd*

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 RELATIONSHIP 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 2018 was provided to shareholders on 20 April 2018 for AGM to be held on 31 May 2018, which is more than 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 locations of the General Meetings are always held in Klang Valley at locations which are accessible by public transport.

Statement of Directors' 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 six (6) meetings during the year ended 31 December 2017. The members of the Audit Committee and the record of their attendances are as follow:

	Number of Audit Committee Meetings		
Composition of Audit Committee Members	**Held**	**Attended**	**%**
Chin Wing Wah – Chairman	6	6	100
Ooi Giap Ch'ng	6	6	100
Dato' Seri Dr. Mohd Ariff Bin Araff	6	6	100

The Chief Operating Officer, Group Finance Manager, 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 presented 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 2017 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") 2016 at its meeting held on 23 February 2017.

   b. The AC reviewed the annual audited financial statements of Meda Group for FY 2016 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 at its meeting held on 12 April 2017.

   c. The unaudited quarterly financial results for the first quarter, second quarter and third quarter for FY2017 were reviewed at the AC meetings held on 25 May 2017, 23 August 2017 and 23 November 2017 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, Group 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 23 February 2017 reviewed and recommended the Statement of Risk Management and Internal Control and Statement on Corporate Governance for publication in the 2016 Annual Report of the Company to the Board for approval.

Audit Committee Report
cont'd

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR *cont'd*

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 2016 and their Report to the Audit Committee and the management responses at its meeting held on 12 April 2017.

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 financial year 2017 at its meeting held on 23 August 2017.

   During the meeting, the external auditors affirmed that Messrs Baker Tilly Monteiro Heng and all members of its engagement team have maintained their independence in accordance with the provisions of the By-Laws and Professional Ethics, Conduct and Practice of the Malaysia Institute of Accountancy ("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. Meda's Policies and Procedures on Auditor Independence states that the lead audit engagement and concurring partners of Meda be subject to a five years rotation with a two years cooling off period. Mr. Ng Boon Hiang is the lead audit engagement partner since FY 2016 audit, while Dato' Lock Peng Kuan is the audit concurring partner.

   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 2017. With that, the AC further recommended to the Board the reappointment of the External Auditors for 2018.

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 2017 during its meeting held on 23 February 2018.

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 2017 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 2 separate occasions which were on 23 February 2017 and 12 April 2017.

4. Internal Audit

a. The AC reviewed and approved Meda'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 2017 Internal Audit Plans at its meeting held on 23 February 2017 and 23 November 2017 respectively.

Audit Committee Report
cont'd

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR *cont'd*

4. Internal Audit *cont'd*

b. The AC reviewed the internal audit reports presented by internal auditors to AC meetings held. The scope of the internal auditors function for FY 2017 covered the areas regarding compliance mainly on Hotel Management and Project Management. 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; and
- 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 23 February 2017 reviewed and recommended the Audit Committee Report to the Board for approval prior to inclusion in the 2016 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 programmes during the financial year under review. The details of the trainings attended are set out in the Annual Report.

Audit Committee Report
cont'd

TRAINING

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

Training Programme/Course	Date
Bursa Malaysia's Sustainability Forum 2017: "The Velocity of Global Change & Sustainability – The New Business Model"	10.01.2017
Companies Act 2016	11.04.2017 & 19.07.2017
Malaysian Code of Corporate Governance 2017	26.04.2017
Smart Investment in Property Seminar (XII) 2017 "Property Investment – If Not Now, When?"	04.05.2017
Audit Committee Oversight & MFRS 15 Revenue from Contract	15.11.2017
The CG Breakfast Series for Directors – Leading Change @ The Brain	05.12.2017

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION DURING THE YEAR ENDED 31 DECEMBER 2017

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 are carried out by internal auditor in 2017:-

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 financial year 2017 amounted to RM21,450.00.

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 Meda Inc. Berhad and its subsidiaries ("the Group") to safeguard shareholders' investment and Group's assets for the financial year ended 31 December 2017. 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; and
- The Risk Management Committee comprises of Managing Director, Chief Operating Officer, and 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.

Statement on Risk Management and Internal Control

cont'd

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;
- Emphasise 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 authorisation 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, Chief Operating Officer and key management team, is 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 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 2017, RM21,450.00 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 2017, the following subsidiaries of the Group were audited by internal auditor:-

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
Jan 2017 – Mar 2017	May 2017	ZKP Development Sdn. Bhd. (The Summit Hotel, Bukit Mertajam)	• House Keeping • Maintenance
Jun 2017 – Nov 2017	February 2018	Maju Puncakbumi Sdn. Bhd. (Tanjung Kling Phase 1 Project)	• Project Management

Statement on Risk Management and Internal Control
cont'd

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 year ended 31 December 2017 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 is satisfied that the existing system of internal control is adequate and properly implemented and there are no major weaknesses at the existing level of operations of the Group. The Board continually evaluates 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 5 April 2018.

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 to the Company and to the Group for the financial year ended 31 December 2017 are as follows:-

Auditors	Company (RM'000)	Group (RM'000)
Audit	80	222
Non-Audit		
- review of Statement of Risk Management & Internal Control	7	7
- review of the other information in the annual report	9	7
	96	236

MATERIAL CONTRACTS

Other than as disclosed in Note 29 Significant Related Party Disclosure, there were no material contracts subsisting as at 31 December 2017 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.

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 2017.

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)/profit for the financial year, net of tax	(8,825)	977
Attributable to:		
Owners of the Company	(8,825)	977
Non-controlling interests	-	-
	(8,825)	977

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2017.

RESERVES 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.

Directors' Report
cont'd

CURRENT ASSETS *cont'd*

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.

Directors' Report
cont'd

WARRANTS *cont'd*

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 2017, the Company held 9,563,400 treasury shares out of its 492,555,292 issued ordinary shares. Such treasury shares are held at a carrying amount of RM5,842,530 and further relevant details are disclosed in Note 15 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' Seri Dr. Mohd Ariff Bin Araff
Dato' (Dr.) Teoh Seng Foo*
Dato' Teoh Seng Kian*
Ooi Giap Ch'ng
Chin Wing Wah
An Siew Chong*

* Directors of the Company and certain subsidiaries

Directors' Report
cont'd

DIRECTORS *cont'd*

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

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1.1.2017	Bought	Sold	At 31.12.2017
The Company				
Direct interests				
Dato' (Dr.) Teoh Seng Foo	20,210,000	-	-	20,210,000
Dato' Teoh Seng Kian	54,110,324	236,000	-	54,346,324
Chin Wing Wah	4,260,200	-	(245,000)	4,015,200
Indirect interests				
Dato' (Dr.) Teoh Seng Foo #	6,128,000	-	-	6,128,000

	Number of Warrants A Issued Pursuant To Deed Poll Executed on 11 August 2011			
	At 1.1.2017	Bought	Sold	At 31.12.2017
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 1.1.2017	Bought	Sold	At 31.12.2017
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

Directors' Report
cont'd

DIRECTORS' INTERESTS *cont'd*

	Number of Warrants C Issued Pursuant To Deed Poll Executed on 7 August 2014			
	At 1.1.2017	**Granted**	**Exercised/ (Sold)**	**At 31.12.2017**
The Company				
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.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive 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 25 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, there were no indemnity given to or insurance affected for, any directors or officers of the Company.

SUBSIDIARIES

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

Directors' Report
cont'd

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event subsequent to the end of the financial year are disclosed in Note 34 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 25 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, 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' (DR.) TEOH SENG FOO
Director

DATO' TEOH SENG KIAN
Director

Kuala Lumpur

Date: 13 April 2018

Statements of Financial Position
As at 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	24,775	41,863	153	172
Investment properties	6	95,054	87,842	-	-
Land held for property development	7(i)	51,725	51,135	-	-
Investments in subsidiaries	8	-	-	119,604	119,604
Total non-current assets		171,554	180,840	119,757	119,776
Current assets					
Property development costs	7(ii)	39,557	43,884	-	-
Inventories	9	6,956	7,096	-	-
Trade and other receivables	10	41,399	55,609	82,950	84,680
Prepayments		47	62	-	-
Amount owing by contract customer	11	-	2,551	-	-
Tax recoverable		1,204	1,204	-	-
Cash and short-term deposits	12	3,319	4,197	41	20
Total current assets		92,482	114,603	82,991	84,700
TOTAL ASSETS		264,036	295,443	202,748	204,476

Statements of Financial Position

As at 31 December 2017

cont'd

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	13	258,186	246,278	258,186	246,278
Share premium	14	-	11,908	-	11,908
Treasury shares	15	(5,843)	(5,843)	(5,843)	(5,843)
Warrants reserve	16	8,889	8,889	8,889	8,889
Revaluation reserve	17	6,054	6,054	-	-
Accumulated losses		(125,993)	(117,168)	(65,667)	(66,644)
TOTAL EQUITY		141,293	150,118	195,565	194,588
Non-current liabilities					
Loans and borrowings	18	26,556	30,420	-	-
Deferred tax liabilities	19	4,064	3,711	-	-
Total non-current liabilities		30,620	34,131	-	-
Current liabilities					
Trade and other payables	20	61,843	65,727	7,183	9,888
Amount owing to contract customer	11	3,011	-	-	-
Provisions	21	1,209	3,679	-	-
Loans and borrowings	18	20,937	37,490	-	-
Tax payable		5,123	4,298	-	-
Total current liabilities		92,123	111,194	7,183	9,888
TOTAL LIABILITIES		122,743	145,325	7,183	9,888
TOTAL EQUITY AND LIABILITIES		264,036	295,443	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 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	22	21,398	71,374	-	-
Cost of sales	23	(23,668)	(56,816)	-	-
GROSS (LOSS)/PROFIT		(2,270)	14,558	-	-
Other income		28,334	31,004	2,269	10,448
Distribution expenses		(440)	(1,698)	-	-
Administrative expenses		(16,362)	(22,646)	(1,292)	(20,047)
Other expenses		(12,962)	(22,568)	-	-
OPERATING (LOSS)/PROFIT		(3,700)	(1,350)	977	(9,599)
Finance costs	24	(4,512)	(5,667)	-	-
(LOSS)/PROFIT BEFORE TAX	25	(8,212)	(7,017)	977	(9,599)
Income tax expense	26	(613)	329	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(8,825)	(6,688)	977	(9,599)
OTHER COMPREHENSIVE LOSS		-	-	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		(8,825)	(6,688)	977	(9,599)
(Loss)/profit attributable to:					
Owners of the Company		(8,825)	(6,688)	977	(9,599)
Non-controlling interests		-	-	-	-
		(8,825)	(6,688)	977	(9,599)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(8,825)	(6,688)	977	(9,599)
Non-controlling interests		-	-	-	-
		(8,825)	(6,688)	977	(9,599)
Basic loss per ordinary share (sen)	27(i)	(1.79)	(1.39)		
Diluted loss per ordinary share (sen)	27(ii)	(1.79)	(1.39)		

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

Statements of Changes in Equity
For the Financial Year Ended 31 December 2017

		← Attributable to owners of the Company →						
			← Non-distributable →					
		Share Capital	**Share Premium**	**Warrant Reserve**	**Revaluation Reserve**	**Treasury Shares**	**Accumulated Losses**	**Total Equity**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group								
At 1 January 2016		246,278	12,880	8,889	6,054	(7,319)	(110,480)	156,302
Total comprehensive loss for the financial year								
Loss for the financial year		-	-	-	-	-	(6,688)	(6,688)
Total comprehensive loss		-	-	-	-	-	(6,688)	(6,688)
Transactions with owners								-
Arising from shares buy-back	15	-	-	-	-	(4,227)	-	(4,227)
Arising from resale of shares	14,15	-	(972)	-	-	5,703	-	4,731
Total transactions with owners		-	(972)	-	-	1,476	-	504
At 31 December 2016		246,278	11,908	8,889	6,054	(5,843)	(117,168)	150,118
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	13,14	11,908	(11,908)	-	-	-	-	-
At 31 December 2017		258,186	-	8,889	6,054	(5,843)	(125,993)	141,293

Statements of Changes in Equity
For the Financial Year Ended 31 December 2017
cont'd

		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 2016		246,278	12,880	8,889	(7,319)	(57,045)	203,683
Total comprehensive loss for the financial year		-	-	-	-	(9,599)	(9,599)
Transactions with owners							
Arising from shares buy-back	15	-	-	-	(4,227)	-	(4,227)
Arising from resale of shares	14,15	-	(972)	-	5,703	-	4,731
Total transactions with owners		-	(972)	-	1,476	-	504
At 31 December 2016		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	13, 14	11,908	(11,908)	-	-	-	-
At 31 December 2017		258,186	-	8,889	(5,843)	(65,667)	195,565

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

Statements of Cash Flows
For the Financial Year Ended 31 December 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
(Loss)/profit before tax		(8,212)	(7,017)	977	(9,599)
Adjustments for:					
Bad debts written off		124	949	-	13,289
Bad debts recovered		(699)	-	-	-
Depreciation for property, plant and equipment		2,999	3,236	74	76
Forfeiture income		(2,059)	-	(2,059)	-
Gain on disposal of property, plant and equipment		(5,215)	(275)	-	(2)
Gain on disposal of subsidiaries		-	(4,355)	-	(6,995)
Impairment loss on amount owing by subsidiaries		-	-	-	3,583
Impairment loss on loans that are part of net investments		-	-	-	1,600
Impairment loss on other receivables and deposits		-	824	-	-
Impairment loss on trade receivables		-	830	-	-
Interest expenses		4,512	5,667	-	-
Interest income		(292)	(118)	(210)	-
Inventories written down		38	19	-	-
Net (gain)/loss arising from fair value adjustment of investment properties		(6,972)	35	-	-
Property, plant and equipment written off		642	-	-	-
Provision for foreseeable losses		-	22	-	-
Provision for litigation claim		273	-	-	-
Reversal of impairment loss no longer required on:					
- investment in a subsidiary		-	-	-	(5)
- trade receivables		-	(32)	-	-
Reversal of provision for liquidated and ascertained damages		(115)	(1)	-	-
Reversal of provision for onerous contracts		(2,471)	(2,258)	-	-
Reversal of provision for foreseeable losses		(157)	-	-	-
Waiver of debts received		-	(5,579)	-	(3,446)
Operating cash flows before changes in working capital		(17,604)	(8,053)	(1,218)	(1,499)

Statements of Cash Flows
For the Financial Year Ended 31 December 2017
cont'd

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Changes in working capital:					
Contract customer		5,562	(2,551)	-	-
Property development costs		4,327	22,539	-	-
Inventories		(138)	1,615	-	-
Receivables		27,100	(3,071)	(655)	(4,755)
Payables		(1,260)	(11,330)	612	414
Net cash generated from/(used in) operations		17,987	(851)	(1,261)	(5,840)
Interest paid		(1,483)	(1,255)	-	-
Interest received		292	118	210	-
Tax paid		-	(1,769)	-	-
Net cash generated from/(used in) operating activities		16,796	(3,757)	(1,051)	(5,840)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Repayment from/(advances to) subsidiaries		-	-	1,127	(1,719)
Addition in land under property development		(590)	-	-	-
Proceeds from disposal of property, plant and equipment		6,614	1,228	-	4
Proceeds from disposal of subsidiaries, net of cash disposed		-	6,910	-	7,000
Purchase of property, plant and equipment (Note A)		(252)	(286)	(55)	(38)
Withdrawal of deposit held as security		(6)	1	-	-
Net cash generated from investing activities		5,766	7,853	1,072	5,247

Statements of Cash Flows
For the Financial Year Ended 31 December 2017
cont'd

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES:					
Drawdown of bank loans		-	9,678	-	-
Interest paid		(3,029)	(4,412)	-	-
Net repayment to:					
- bank loans		(12,937)	(7,706)	-	-
- revolving working capital financing		(6,772)	-	-	-
- finance lease liabilities		(422)	(472)	-	-
Repurchase of treasury shares		-	(4,227)	-	(4,227)
Resale of treasury shares		-	4,731	-	4,731
Net cash (used in)/generated from financing activities		(23,160)	(2,408)	-	504
NET CHANGE IN CASH AND CASH EQUIVALENTS		(598)	1,688	21	(89)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		(10,024)	(11,712)	20	109
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	12	(10,622)	(10,024)	41	20

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Purchase of property, plant and equipment	252	286	55	38
Financed by way of finance lease arrangements	-	-	-	-
Cash payments on purchase of property, plant and equipment	252	286	55	38

Statements of Cash Flows

For the Financial Year Ended 31 December 2017

cont'd

B. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES:

	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

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

Notes to the Financial Statements

1. CORPORATE INFORMATION

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 its principal place of business are located at No. 10-G & 10-1, Jalan USJ Sentral 3, UEP Subang Jaya, 47610 Subang Jaya, Selangor Darul Ehsan, Malaysia.

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 13 April 2018.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 2016 in Malaysia.

2.2 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.

2.3 Use of estimates and judgement

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

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

2.4 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 Adoption of amendments/improvements to FRSs

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

Amendments/improvements to FRSs	
FRS 12	Disclosure of Interests in Other Entities
FRS 107	Statement of Cash Flows
FRS 112	Income Taxes

Notes to the Financial Statements
cont'd

2. BASIS OF PREPARATION *cont'd*

2.5 Adoption of amendments/improvements to FRSs *cont'd*

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below:

Amendments to FRS 12 Disclosure of Interests in Other Entities

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

Amendments to FRS 107 Statement of Cash Flows

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

The Group and the Company have applied the amendments prospectively and accordingly, have disclosed the reconciliation in statements of cash flows.

Amendments to FRS 112 Income Taxes

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

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

2.6 MASB Approved Accounting Standards ("MFRSs")

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

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

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

Notes to the Financial Statements
cont'd

2. BASIS OF PREPARATION *cont'd*

2.6 MASB Approved Accounting Standards ("MFRSs") *cont'd*

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

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

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

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

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

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

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

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

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

Notes to the Financial Statements
cont'd

2. BASIS OF PREPARATION *cont'd*

2.6 MASB Approved Accounting Standards ("MFRSs") *cont'd*

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract; and
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

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

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

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

2.7 Fundamental accounting principle

The financial statements of the Group and the Company have been prepared on the assumption that the Group and the Company will continue as a going concern. The application of the going concern basis is based on the assumption that the Group and the Company will be able to realise their assets and liquidate their liabilities in the normal course of business.

During the financial year, the Group incurred a net loss of RM8,825,000.

The directors of the Company are of the opinion that the preparations of the financial statements of the Group on a going concern basis remains appropriate given the following measures being taken or will be taken by the Group to meet its obligations falling due within the next 12 months which, include amongst others:

(a) The Group has prepared a cash flows forecast and taking into consideration the available unutilised funding facilities supporting the assertion that the Group will have sufficient resources to continue for a period of at least 12 months;

Notes to the Financial Statements
cont'd

2. **BASIS OF PREPARATION** *cont'd*

2.7 Fundamental accounting principle *cont'd*

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

(c) As at 31 December 2017, the Group's and the Company's shareholders' equity are RM141,293,000 and RM195,565,000 respectively and the directors are optimistic that the underlying value of the assets of the Group and the Company will further strengthen the financial position of the Group and of the Company.

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 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.

Notes to the Financial Statements
cont'd

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

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

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, an available-for-sale financial asset or a held for trading financial asset.

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

(b) 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 3.12(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.

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised 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.

Notes to the Financial Statements
cont'd

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

Financial assets at fair value through profit or loss

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

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

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

Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

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

Notes to the Financial Statements
cont'd

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

3.3 Financial instruments *cont'd*

(a) Subsequent measurement *cont'd*

(i) Financial assets *cont'd*

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements.

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

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

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

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

Other financial liabilities

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

(b) Financial guarantee contracts

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

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

(c) Regular way purchase or sale of financial assets

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

Notes to the Financial Statements
cont'd

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

3.3 Financial instruments *cont'd*

(c) Regular way purchase or sale of financial assets *cont'd*

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 themselves 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.

(d) Derecognition

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

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or 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.

3.4 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (other than freehold land and hotel 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 3.12(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 3.17 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.

(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.

Notes to the Financial Statements
cont'd

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

3.4 Property, plant and equipment *cont'd*

(c) Depreciation

Freehold land has unlimited useful life and therefore is not depreciated. Asset under construction or capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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, depreciation method and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values and useful lives are included in profit or loss for the financial year in which the changes arise.

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 Revaluation of assets

Freehold land and hotel buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Notes to the Financial Statements
cont'd

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

3.6 Leases

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

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

(a) Lessee accounting

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

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

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

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

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

(b) Lessor accounting

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

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the 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.

3.7 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.

Notes to the Financial Statements
cont'd

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

3.7 Investment properties *cont'd*

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 3.17 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.

3.8 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.

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

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.

3.9 Property development activities

(a) Land held for property development

Land held for property development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

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

Land held for property development will be reclassified to property development costs when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

Notes to the Financial Statements
cont'd

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

3.9 Property development activities *cont'd*

(b) Property development costs

Property development costs consist of the cost of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the percentage of completion method.

The stage of completion is determined by the proportion of property development costs incurred for the work performed up to the reporting date over the estimated total property development costs to completion. Under this method, profits are recognised as the property development activity progresses.

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

Any foreseeable loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately in profit or loss. Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of the development, the unsold completed development properties are transferred to inventories.

Borrowing costs incurred on the property development project are capitalised and included as part of property development costs in accordance with the accounting policy on borrowing costs in Note 3.17 to the financial statements.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings and the excess of billings to purchasers over revenue recognised in profit or loss is classified as advance billings.

3.10 Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

The outcome of a construction contract can be estimated reliably when:
(i) total contract revenue can be measured reliably;
(ii) it is probable that the economic benefits associated with the contract will flow to the entity;
(iii) the costs to complete the contract and the stage of completion can be measured reliably; and
(iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

Notes to the Financial Statements
cont'd

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

3.10 Construction work-in-progress *cont'd*

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on the proportion of total contract costs incurred to date and the estimated costs to complete.

Construction work-in-progress is presented as part of contract assets as amount owing by contract customers in the statements of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount owing to contract customers which is part of the contract liabilities in the statements of financial position.

3.11 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 and other short-term, highly liquid investments 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.

3.12 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

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

<u>Loans and receivables and held-to-maturity investments</u>

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

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

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

Notes to the Financial Statements
cont'd

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

3.12 Impairment of assets *cont'd*

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

Loans and receivables and held-to-maturity investments *cont'd*

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

Available-for-sale financial assets

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

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

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

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

Unquoted equity instruments carried at cost

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

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from customers for contract work 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 goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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

Notes to the Financial Statements
cont'd

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

3.12 Impairment of assets *cont'd*

(b) Impairment of non-financial assets *cont'd*

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

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

3.13 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.

3.14 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.

Notes to the Financial Statements
cont'd

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

3.14 Employee benefits *cont'd*

(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.

3.15 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.

(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.

3.16 Revenue and other income

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

(a) Property development

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

No profit is recognised where development is in its initial stage or has not reached a stage of completion where it is possible to determine the financial outcome of the development with reasonable accuracy.

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

Notes to the Financial Statements
cont'd

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

3.16 Revenue and other income *cont'd*

(b) Construction contract

Revenue from construction contracts is accounted for by the stage of completion method. The stage of completion method is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

(c) Sale of hotel rooms, food and beverages and other ancillary services

Revenue from services rendered in respect of sale of hotel rooms, food and beverages and other ancillary services is recognised in profit or loss upon rendering of services.

(d) 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.

(e) 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.

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Rental income

Rental income 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.

3.17 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.

Notes to the Financial Statements
cont'd

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

3.18 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.

(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 3.7 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.

Notes to the Financial Statements
cont'd

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

3.18 Taxes *cont'd*

(c) Goods and services tax

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

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

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

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Managing 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 maker that makes strategic decisions.

3.20 Fair value measurements

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

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using 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 Earnings per ordinary share

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of 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.

Notes to the Financial Statements
cont'd

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

3.22 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future 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 amounts recognised in the financial statements include the following:

(a) Construction revenue and expenses

The Group recognises construction revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is used in determining the stage of completion of the construction contract, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the work that are recoverable from the customer. In making judgements, the Group evaluates based on the past experience and work of specialists.

The carrying amounts of amount owing by contract customer are disclosed in Note 11 to the financial statements.

(b) 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 valuers 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, income approach, being the projected net income and other benefits that are the subject property can generate over the life of the property capitalised at market derived yields to arrive at the present value of the property. 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 Group's investment properties are disclosed in Note 6 to the financial statements.

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

As disclosed in Note 3.4 to the financial statements, the Group and the Company review the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 5 to the financial statements.

Notes to the Financial Statements
cont'd

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS *cont'd*

(d) Impairment of financial assets

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

The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 31(a) to the financial statements.

(e) Impairment of non-financial assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be recoverable i.e. the carrying amount of the asset is more than the recoverable amount. Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use.

(f) Going concern

As disclosed in Note 2.7 to the financial statements, judgement is made by the directors whether the Group and the Company will be able to continue as a going concern. The financial statements of the Group and of the Company have been prepared on a going concern basis after having prepared a cash flows projection and considering the available unutilised funding facilities available supporting the assertion that the Group and the Company will have sufficient resources to continue for a period of at least 12 months. Significant assumptions and judgements are used in the preparation of the cash flows projection.

(g) Contingent liabilities

The Group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement or arbitration is required to assess the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of any financial settlement. The inherent uncertainty of such matters means that actual losses may materially differ from estimates.

Notes to the Financial Statements
cont'd

5. PROPERTY, PLANT AND EQUIPMENT

Group 2017	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
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

Notes to the Financial Statements
cont'd

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

Group 2016	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
Cost/valuation								
At 1 January 2016								
- At cost	-	5,500	26,002	1,786	4,153	1,765	838	40,044
- At valuation	13,000	-	-	1,882	10,286	103	-	25,271
	13,000	5,500	26,002	3,668	14,439	1,868	838	65,315
Additions	-	-	-	49	237	-	-	286
Disposals	-	-	(1,000)	-	(10)	(78)	-	(1,088)
Disposal of a subsidiary	-	-	-	-	(168)	-	-	(168)
At 31 December 2016	13,000	5,500	25,002	3,717	14,498	1,790	838	64,345
Representing:								
- 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
Accumulated depreciation and impairment loss								
At 1 January 2016	-	119	4,991	1,852	10,730	1,019	838	19,549
Depreciation for the financial year	178	110	1,149	517	952	330	-	3,236
Disposals	-	-	(49)	-	(8)	(78)	-	(135)
Disposal of a subsidiary	-	-	-	-	(168)	-	-	(168)
At 31 December 2016	178	229	6,091	2,369	11,506	1,271	838	22,482
Carrying amount								
At 31 December 2016								
- At cost	-	5,271	18,911	1,348	2,992	519	-	29,041
- At valuation	12,822	-	-	-	-	-	-	12,822
	12,822	5,271	18,911	1,348	2,992	519	-	41,863

Notes to the Financial Statements
cont'd

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

Company	Furniture, Fittings, Office and Other Equipment RM'000	Renovation RM'000	Total RM'000
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
2016			
Cost			
At 1 January 2016	422	-	422
Additions	-	38	38
Disposals	(10)	-	(10)
At 31 December 2016	412	38	450
Accumulated depreciation			
At 1 January 2016	210	-	210
Depreciation for the financial year	73	3	76
Disposals	(8)	-	(8)
At 31 December 2016	275	3	278
Carrying amount			
At 31 December 2016	137	35	172

(i) Had the revalued assets been carried at cost less accumulated depreciation and impairment losses, the carrying amounts would have been as follows:

	Group 2017 RM'000	Group 2016 RM'000
Freehold land and hotel buildings	-	11,841

Notes to the Financial Statements
cont'd

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

(ii) The freehold and leasehold land and buildings of the Group at the carrying amount of RM22.922 million (2016: RM24.182 million) are charged to financial institutions as securities for banking facilities granted to the Group as stated at Note 18 to the financial statements.

(iii) Leased assets are pledged as securities for the related finance lease liabilities as disclosed in Note 18 to the financial statements.

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
Motor vehicles	183	469

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
Renovation	80	1,071
Furniture, fittings, office and other equipment	454	8,860
Motor vehicles	799	103
Show village and sales office	838	838
	2,171	10,872

(vi) Leasehold land consisting of land with unexpired lease period of more than 50 years.

(vii) Fair value of freehold land and hotel buildings are categorised as follows:

	Group	
	2017	**2016**
	Level 2	**Level 2**
	RM'000	**RM'000**
At fair value		
Freehold land and hotel buildings	-	13,000

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.

Notes to the Financial Statements
cont'd

6. INVESTMENT PROPERTIES

	Group	
	2017	**2016**
	RM'000	**RM'000**
A. Investment properties stated at fair values represent:		
At 1 January	50,359	58,117
Less: Disposal of a subsidiary	-	(7,723)
Add: Transfer from inventories	240	-
Add: Transfer from cost model	37,483	-
Add/(less): Net gain/(loss) arising from fair value adjustments	6,972	(35)
At 31 December	95,054	50,359
B. Investment properties under construction stated at cost represent:		
At 1 January	37,483	37,483
Less: Transfer to fair value model	(37,483)	-
At 31 December	-	37,483
	95,054	87,842

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

(ii) The land titles for the investment properties with carrying amount of RM50.359 million (2016: RM50.359 million) have yet to be registered under the subsidiaries' name.

(iii) The investment properties with carrying amount of RM38.500 million (2016: RM37.483 million) were charged as securities for banking facilities granted to the Group are disclosed in Note 18 to the financial statements.

(iv) The investment properties were revalued by the directors on 31 December 2017 and 16 January 2018 based on independent professional valuations on the open market value basis.

(v) In the previous financial year, the investment properties under construction were carried at cost and the fair value of the property was unable to be determined as there were uncertainties in estimating its fair value. The investment property under construction at cost will be carried at cost until its fair value becomes readily determinable or when the construction is completed, whichever is earlier.

In the current financial year, the construction of the investment properties suspended. The development expenditure for the construction of the investment properties stated at cost has transferred to investment properties stated at fair value.

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

	Group	
	2017	**2016**
	Level 2	**Level 2**
	RM'000	**RM'000**
Assets carried at fair value		
Investment properties	95,054	50,359

Notes to the Financial Statements
cont'd

6. INVESTMENT PROPERTIES *cont'd*

(vi) Fair value of investment properties are categorised as follows: *cont'd*

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 2017 or 31 December 2016.

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	
	2017	**2016**
	RM'000	**RM'000**
Rental income	2,981	3,282
Direct operating expenses:		
- income generating investment properties	(2,928)	(3,000)

7. PROPERTY DEVELOPMENT ACTIVITIES

(i) Land held for property development

Group	**Long Term Leasehold Land RM'000**	**Freehold Land RM'000**	**Development Expenditures RM'000**	**Total RM'000**
2017				
At cost				
At 1 January 2017	25,292	576	25,267	51,135
Add: Addition	590	-	-	590
At 31 December 2017	25,882	576	25,267	51,725
2016				
At cost				
At 1 January 2016/At 31 December 2016	25,292	576	25,267	51,135

The freehold and long term leasehold land have been charged as securities for banking facilities granted to the Group as stated in Note 18 to the financial statements.

The leasehold land consisting of land with unexpired lease period of more than 50 years.

Notes to the Financial Statements
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7. PROPERTY DEVELOPMENT ACTIVITIES *cont'd*

(ii) Property development costs

	Long Term Leasehold Land RM'000	Freehold Land RM'000	Development Expenditures RM'000	Total RM'000
Group				
2017				
At cost				
At 1 January 2017	7,598	18,903	18,550	45,051
Add:				
- Incurred during the financial year	-	-	5,629	5,629
Less:				
- Reversal during the financial year	-	-	(217)	(217)
Less:				
- Disposals during the year	(3,289)	-	(5,310)	(8,599)
- Transfer to inventories	(64)	-	(502)	(566)
- Phased out projects	(199)	-	(1,542)	(1,741)
	(3,552)	-	(7,354)	(10,906)
At 31 December 2017	4,046	18,903	16,608	39,557
Accumulated development expenditures recognised in profit or loss and impairment loss				
At 1 January 2017	127	-	1,040	1,167
Add:				
- Development expenditures recognised during the financial year	72	-	502	574
Less:				
- Phased out projects	(199)	-	(1,542)	(1,741)
At 31 December 2017	-	-	-	-
Carrying amount				
At 31 December 2017	4,046	18,903	16,608	39,557

Notes to the Financial Statements
cont'd

7. PROPERTY DEVELOPMENT ACTIVITIES *cont'd*

(ii) Property development costs *cont'd*

	Long Term Leasehold Land RM'000	Freehold Land RM'000	Development Rights RM'000	Development Expenditures RM'000	Total RM'000
Group					
2016					
At cost					
At 1 January 2016	7,598	18,903	1,666	101,324	129,491
Add:					
- Incurred during the financial year	-	-	-	11,983	11,983
Less:					
- Disposal during the year	-	-	(1,331)	(5,586)	(6,917)
- Transfer to inventories	-	-	-	(797)	(797)
- Phased out projects	-	-	(335)	(88,374)	(88,709)
	-	-	(1,666)	(94,757)	(96,423)
At 31 December 2016	7,598	18,903	-	18,550	45,051
Accumulated development expenditures recognised in profit or loss and impairment loss					
At 1 January 2016	94	-	1,666	76,116	77,876
Add:					
- Development expenditures recognised during the financial year	33	-	-	13,298	13,331
Less:					
- Disposal during the year	-	-	(1,331)	-	(1,331)
- Phased out projects	-	-	(335)	(88,374)	(88,709)
	-	-	(1,666)	(88,374)	(90,040)
At 31 December 2016	127	-	-	1,040	1,167
Carrying amount					
At 31 December 2016	7,471	18,903	-	17,510	43,884

Notes to the Financial Statements
cont'd

7. PROPERTY DEVELOPMENT ACTIVITIES *cont'd*

(ii) Property development costs *cont'd*

(a) The long term leasehold land and freehold land which are under property development amounting to RM18,903,000 (2016: RM26,374,000) have been charged as securities for banking facilities granted to the Group as disclosed in Note 18 to the financial statements.

(b) The leasehold land consisting of land with unexpired lease period of more than 50 years.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017	**2016**
	RM'000	**RM'000**
At cost		
At 1 January	157,299	157,304
Less: Disposal of subsidiaries	-	(5)
At 31 December	157,299	157,299
Less: Accumulated impairment loss		
At 1 January	(60,095)	(60,100)
Less: Reversal of impairment loss	-	5
At 31 December	(60,095)	(60,095)
Loans that are part of net investments	22,400	22,400
Carrying amount		
At 31 December	119,604	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 are 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.

Notes to the Financial Statements
cont'd

8. INVESTMENTS IN SUBSIDIARIES *cont'd*

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 2017 %	Ownership interest 2016 %	Principal activities
Direct subsidiaries			
ZKP Development Sdn. Bhd. ("ZKP")	100	100	Property investment, operation of a hotel 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.
Golden Sceptre (MM2H) Sdn. Bhd. ("GS")	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 ("PH") Sdn. Bhd.	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.

* In the previous financial year, one of the subsidiary of the Group, PASB had increased its investment in MPSB from RM5,000,000 to RM6,000,000.

** 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 FRS 10 *Consolidated Financial Statements*.

In the previous financial year, the Group disposed its entire equity interests of Xperential Dynamics Sdn. Bhd. ("XDSB") and Temasek Merdu Sdn. Bhd. ("TMSB"). XDSB and TMSB ceased to be subsidiaries of the Group since the previous financial year.

Notes to the Financial Statements
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9. INVENTORIES

	Group	
	2017	2016
	RM'000	RM'000
At lower of cost and net realisable value:		
Current		
Completed development properties	6,956	7,074
Food and beverages	-	6
Room supplies and consumables	-	16
	6,956	7,096
Recognised in profit or loss:		
Inventories recognised as cost of sales	428	2,529
Write-down to net realisable value	38	19

(i) Completed development properties of RM2.211 million (2016: RM2.517 million) are pledged as security to secure banking facilities granted to the Group as disclosed in Note 18 to the financial statements.

(ii) During the financial year, the Group recognised inventories written down to net realisable value in profit or loss, as result of decline in the market value of the completed development properties.

10. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Current:					
Trade					
Trade receivables	(i)	11,773	39,736	-	-
Retention sum		3,285	1,891	-	-
Less: Impairment for trade receivables (current)	(i)	(5,844)	(5,844)	-	-
		9,214	35,783	-	-
Non-trade					
Other receivables		40,081	29,490	12,000	11,204
Less: Impairment loss	(ii)	(14,058)	(15,058)	(5,343)	(5,343)
		26,023	14,432	6,657	5,861
GST refundable		385	23	-	23
Amount owing by subsidiaries	(iii)	-	-	83,706	86,091
Less: Impairment loss		-	-	(11,041)	(11,041)
		-	-	72,665	75,050
Deposits	(iv)	5,777	5,371	3,628	3,746
		32,185	19,826	82,950	84,680
Total trade and other receivables (current)		41,399	55,609	82,950	84,680

Notes to the Financial Statements
cont'd

10. TRADE AND OTHER RECEIVABLES *cont'd*

(i) Trade receivables

(a) The trade receivables are non-interest bearing and the normal credit terms offered by the Group in respect of trade receivables are 7 days (2016: 7 days) from the date of invoices and 21 days (2016: 21 days) for property buyers. Other credit terms are assessed and approved on a case by case basis.

(b) Ageing analysis of trade receivables are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Neither past due nor impaired	6,387	9,353
Past due but not impaired		
Past due 1 to 30 days	824	3,929
Past due 31 to 60 days	355	7,026
Past due 61 to 90 days	502	13,559
Past due 91 to 120 days	2	138
Past due more than 121 days	1,067	1,558
	2,750	26,210
Impaired (individually)	5,921	6,064
	15,058	41,627

Receivables that are neither past due nor impaired

The trade receivables from property development segment is due within 21 days as stipulated in sale and purchase agreements. The retention sums which are included in the trade receivables are due upon the expiry of the defect liability period stated in the sale and purchase agreements.

Other trade receivables are collectible within 7 days.

Receivables that are past due but not impaired

The Group has not made any allowance for impairment for receivables that are past due as there has not been a significant change in the credit quality of these receivables and the amounts due are still recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The Group has policies in place to ensure that credit is extended only to customers with acceptable credit history and payment track records. Allowances for impairment are made on specific trade receivables when there is objective evidence that the Group will not be able to collect the amounts due.

Notes to the Financial Statements
cont'd

10. TRADE AND OTHER RECEIVABLES *cont'd*

(i) Trade receivables *cont'd*

(b) Ageing analysis of trade receivables are as follows: *cont'd*

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Individually impaired		
Trade receivables		
- nominal amounts	5,921	6,064
Less: Impairment loss	(5,844)	(5,844)
	77	220

Trade receivables are individually determined to be impaired at the reporting date which are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
At 1 January	5,844	6,136
Add: Charge for the year (individually)	-	830
Less: Reversal of impairment	-	(32)
Less: Disposal of subsidiaries	-	(1,090)
At 31 December	5,844	5,844

Included in trade receivables of the Group are amounts of RM5.15 million (2016: RM28.28 million) owing by one of its significant receivable.

(ii) Other receivables

The reconciliation of movement in the impairment of other receivables is as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
At 1 January	15,058	14,234
Add: Charge for the year (individually)	-	824
Less: Written-off	(1,000)	-
At 31 December	14,058	15,058

Notes to the Financial Statements
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10. TRADE AND OTHER RECEIVABLES *cont'd*

(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 RM3.6 million (2016: RM3.6 million) paid for the acquisition of 100% equity interest in BCM Holdings Sdn. Bhd. ("BCM"). The acquisition was terminated in the current financial year.

11. AMOUNT OWING (TO)/BY CONTRACT CUSTOMER

	Group	
	2017 RM'000	2016 RM'000
Aggregate of costs incurred to date	28,662	20,317
Attributable profits	1,182	1,146
	29,844	21,463
Less: Progress billings	(32,855)	(18,912)
	(3,011)	2,551
Presented as follow:		
Amount owing (to)/by contract customer	(3,011)	2,551

12. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	1,745	2,963	41	20
Housing Development Accounts ("HDA")	1,574	1,089	-	-
Short-term deposits placed with licensed banks	-	145	-	-
	3,319	4,197	41	20

Notes to the Financial Statements
cont'd

12. CASH AND SHORT-TERM DEPOSITS *cont'd*

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Short-term deposits placed with licensed banks	-	145	-	-
Cash and bank balances	1,745	2,963	41	20
Housing Development Accounts ("HDA")	1,574	1,089	-	-
Less: Housing Development Accounts held as security value	(205)	(199)	-	-
Bank overdrafts	(13,736)	(14,022)	-	-
	(10,622)	(10,024)	41	20

(i) Bank balances

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.

Included in bank balances held under Housing Development Accounts is an amount of RM205,000 (2016: RM199,000) pledged to licensed bank to secure banking facilities as stated in Note 18 to the financial statements.

(ii) Short-term deposits placed with licensed banks

In the previous financial year, the deposits placed with licensed banks bore interest rates of 3.05% to 3.49% per annum.

13. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of Shares	Amounts	Number of Shares	Amounts
	Unit '000	RM'000	Unit '000	RM'000
Authorised:				
At 1 January/At 31 December	-	-	1,000,000	500,000
Issued and fully paid up:				
At 1 January	492,555	246,278	492,555	246,278
Transition to no-par value regime:				
- share premium	-	11,908	-	-
At 31 December	492,555	258,186	492,555	246,278

Notes to the Financial Statements
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13. SHARE CAPITAL *cont'd*

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 and debentures.

14. SHARE PREMIUM

	Group and Company	
	2017	**2016**
	RM'000	**RM'000**
At 1 January	11,908	12,880
Less: Sale of treasury shares	-	(972)
Less: Transition to no-par value regime:		
- share capital	(11,908)	-
At 31 December	-	11,908

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 as disclosed in Note 13 to the financial statements.

15. TREASURY SHARES

	Group and Company			
	2017		**2016**	
	Number of Shares	**Amounts**	**Number of Shares**	**Amounts**
	Unit'000	**RM'000**	**Unit'000**	**RM'000**
At 1 January	9,563	5,843	10,735	7,319
Add: shares purchased during the financial year	-	-	8,108	4,227
Less: sale of shares during the financial year	-	-	(9,280)	(5,703)
At 31 December	9,563	5,843	9,563	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.

Notes to the Financial Statements
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15. TREASURY SHARES *cont'd*

In the previous financial year, the Company repurchased 8,108,100 shares of its issued shares from the open market. The average price paid for the share repurchased was RM0.52 per share. Additionally, the Company sold 9,279,600 ordinary shares from its treasury shares reserve to the open market at the average price of RM0.51 per share.

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

16. WARRANTS RESERVE

	Group and Company	
	2017	**2016**
	RM'000	**RM'000**
At 1 January/At 31 December	8,889	8,889

<u>*Warrants A*</u>

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 of RM0.50 each, 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 premium 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%
Dividend	:	No dividend
Interest rate	:	3.7% per annum (as extracted from Bloomberg as at 16 August 2011)

<u>*Warrants B*</u>

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 of RM0.50 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.

<u>*Warrants C*</u>

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 be expiring on 24 August 2024.

Notes to the Financial Statements
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17. REVALUATION RESERVE

	Group 2017 RM'000	Group 2016 RM'000
At 1 January/At 31 December	6,054	6,054

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.

18. LOANS AND BORROWINGS

	Note	Group 2017 RM'000	Group 2016 RM'000
Non-current:			
Secured			
Bank loans:			
- fixed	(ii)	936	1,120
- floating	(ii)	25,185	28,647
Finance lease liabilities	(iii)	435	653
		26,556	30,420
Current:			
Secured			
Bank loans:			
- fixed	(ii)	184	178
- floating	(ii)	3,942	13,239
Finance lease liabilities	(iii)	169	373
Bank overdrafts	(iv)	13,736	14,022
Revolving working capital financing	(v)	2,906	9,678
		20,937	37,490
Total loans and borrowings:			
Bank loans:			
- fixed	(ii)	1,120	1,298
- floating	(ii)	29,127	41,886
Finance lease liabilities	(iii)	604	1,026
Bank overdrafts	(iv)	13,736	14,022
Revolving working capital financing	(v)	2,906	9,678
		47,493	67,910

Notes to the Financial Statements
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18. 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**	
	2017	**2016**	**2017**	**2016**
	%	**%**	**%**	**%**
Bank loans				
- fixed	3.75	3.75	3.75	3.75
- floating	8.00 to 8.25	8.10 to 8.35	ECOF+1.25 to 1.50	ECOF+1.25 to 1.50
	4.85	4.95	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	8.90	8.72	BLR+2.0	BLR+2.0
Revolving working capital financing	15.00	15.00	ECOF +1.25	ECOF +1.25

(ii) Bank loans

	Group	
	2017	**2016**
	RM'000	**RM'000**
Current liabilities		
- not later than one year	4,126	13,417
Non-current liabilities		
- later than one year but not later than five years	23,274	26,501
- later than five years	2,847	3,266
	26,121	29,767
	30,247	43,184

The bank loans are secured by way of:

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

(b) first legal charges over certain of the Group's land under development, included in property development costs as disclosed in Note 7(ii) to the financial statements;

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

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

(e) first legal charges over the Group's completed development properties as disclosed in Note 9 to the financial statements;

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

(g) memorandum of charge over the Housing Development Account as disclosed in Note 12 to the financial statements;

Notes to the Financial Statements
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18. LOANS AND BORROWINGS *cont'd*

(ii) Bank loans *cont'd*

The bank loans are secured by way of: *cont'd*

(h) corporate guarantees by the Company; and

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

Term loan 1 of the subsidiary of RM16,052,000 (2016: RM18,909,000) bear interest at 8.0% (2016: 8.1%) 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 RM9,231,000 (2016: RM9,912,000) bear interest at 8.0% (2016: 8.1%) per annum and is repayable by way of redemption of units sold with the redemption rate fixed at 30% of the selling price of the units over 48 months from the first drawdown.

Term loan 3 of the subsidiary of RM3,844,000 (2016: RM4,050,000) bear interest at 4.85% (2016: 4.95%) 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 RM1,120,000 (2016: RM1,298,000) bear interest at 3.75% (2016: 3.75%) per annum and is repayable by monthly instalment of RM18,847 inclusive interest over 67 months.

In the previous financial year, bridging loan 1, 2 and 3 of the subsidiary of RM9,015,000 bore interest at 8.35% per annum and were repayable by way of redemption of land sold with the redemption sum fixed at RM9,800,000. The bridging loan was fully settled during the financial year.

(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	
	2017	**2016**
	RM'000	**RM'000**
Minimum lease payments:		
Not later than one year	192	411
Later than one year and not later than 5 years	458	629
Later than 5 years	12	81
	662	1,121
Less: Future interest charges	(58)	(95)
Present value of minimum lease payments	604	1,026
Present value of minimum lease payments payables:		
Not later than one year	169	373
Later than one year and not later than 5 years	433	574
Later than 5 years	2	79
	604	1,026
Less: Amount due within 12 months	(169)	(373)
Amount due after 12 months	435	653

Notes to the Financial Statements
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18. LOANS AND BORROWINGS *cont'd*

(iii) Finance lease liabilities *cont'd*

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.

(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, Note 7(i) and Note 9 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

The revolving working capital financing of the Group are secured by way of:

(a) legal assignment over the contract proceeds;

(b) corporate guarantee by the Company; and

(c) charge over all designated account.

19. DEFERRED TAX LIABILITIES

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
Property, plant and equipment/ investment properties		
At 1 January	3,711	3,711
Recognised in profit or loss (Note 26):		
- current year	353	-
	353	-
At 31 December	4,064	3,711

Notes to the Financial Statements
cont'd

19. DEFERRED TAX LIABILITIES *cont'd*

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Taxable/(deductible) temporary differences	1,582	6,270	-	(102)
Unabsorbed tax losses	88,834	69,969	-	930
Provisions	1,209	3,679	-	-
At 31 December	91,625	79,918	-	828
Potential deferred tax assets not recognised at 24% (2016: 24%)	21,990	19,180	-	199

20. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current:					
Trade					
Trade payables	(i)	11,182	10,111	453	453
Retention sum		321	1,852	-	-
Progress billing in respect of property development projects		-	17	-	-
		11,503	11,980	453	453
Non-trade					
Other payables	(ii)	40,190	41,696	982	875
GST payable		1,141	49	-	-
Deposits		3,425	5,655	-	1,539
Accruals		5,345	5,288	581	596
Accrued costs to completion of projects	(iii)	239	1,059	-	-
Amount owing to subsidiaries	(iv)	-	-	5,167	6,425
		50,340	53,747	6,730	9,435
Total trade and other payables (current)		61,843	65,727	7,183	9,888

(i) 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 (2016: 14 to 120 days) from the date of invoices and progress billings.

Notes to the Financial Statements
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20. TRADE AND OTHER PAYABLES *cont'd*

(ii) 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 (2016: 14 to 60 days) from the date of invoices.

(b) Included in other payables are amounts of RM2,160,522 (2016: RM3,048,283) 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.

(iii) Accrued costs to completion of projects

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

(iv) 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 31(b)(ii) to the financial statements.

21. 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 2016	1,052	135	4,729	-	5,916
Recognised in profit or loss	-	22	-	-	22
Reversed during the financial year	(1)	-	(2,258)	-	(2,259)
At 31 December 2016	1,051	157	2,471	-	3,679
Reversed during the financial year	(115)	(157)	(2,471)	-	(2,743)
Recognised in profit or loss	-	-	-	273	273
At 31 December 2017	936	-	-	273	1,209

(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) Provision for foreseeable losses is 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 subsidiary 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.

Notes to the Financial Statements
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22. REVENUE

	Group	
	2017	2016
	RM'000	RM'000
Revenue of development/completed properties	6,968	36,644
Construction contract	8,381	28,270
Sale of hotel rooms, food and beverages and other ancillary services	2,393	2,667
Gross rental income	2,757	2,887
Sale of fresh fruit bunches	733	725
Car park operations	166	181
	21,398	71,374

23. COST OF SALES

	Group	
	2017	2016
	RM'000	RM'000
Costs of development/completed properties sold	11,919	27,763
Construction contract	8,345	25,404
Properties letting direct expenses	2,781	2,846
Cost of hotel services rendered	214	367
Costs of sales for fresh fruit bunches	362	358
Cost of car park operations	47	78
	23,668	56,816

24. FINANCE COSTS

	Group	
	2017	2016
	RM'000	RM'000
Interest expense on:		
- Bank loans	2,391	4,098
- Finance lease liabilities	37	66
- Bank overdrafts	1,210	1,253
- Revolving working capital financing	601	248
- Others	273	2
	4,512	5,667

Notes to the Financial Statements
cont'd

25. (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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
After charging:				
Auditors' remuneration:				
- current year	222	226	73	73
Non-statutory audit fees	22	59	22	59
Bad debts written off	124	949	-	13,289
Depreciation of property, plant and equipment	2,999	3,236	74	76
Directors' remuneration:				
- fees	170	178	170	167
- salaries, bonuses and allowances	1,278	1,354	-	-
- others	190	199	35	42
Impairment loss on:				
- amount owing by subsidiaries	-	-	-	3,583
- loans that are part of net investments	-	-	-	1,600
- other receivables and deposits	-	824	-	-
- trade receivables	-	830	-	-
Inventories written down	38	19	-	-
Net loss arising from fair value adjustment:				
- investment properties	-	35	-	-
Property, plant and equipment written-off	642	-	-	-
Provision for foreseeable losses	-	22	-	-
Provision for litigation claims	273	-	-	-
Rental of:				
- equipment	12	14	8	9
- motor vehicles	1	20	89	89
- premises	12,964	22,568	-	-
Staff costs:				
- salaries, overtime and allowance	3,218	3,095	-	-
- defined contribution plan	476	378	-	-
- other employee benefits	201	250	18	47

Notes to the Financial Statements
cont'd

25. (LOSS)/PROFIT BEFORE TAX *cont'd*

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
And crediting:				
Bad debts recovered	(699)	-	-	-
Forfeiture income	(2,059)	-	(2,059)	-
Gain on disposal of property, plant and equipment	(5,215)	(275)	-	(2)
Gain on disposal of subsidiaries	-	(4,355)	-	(6,995)
Interest income	(292)	(118)	(210)	-
Net gain arising from fair value adjustment:				
- investment properties	(6,972)	-	-	-
Rental income	(6,288)	(12,184)	-	-
Rental of motor vehicles	(25)	(23)	-	-
Reversal of impairment loss no longer required for:				
- investment in a subsidiary	-	-	-	(5)
- trade receivables	-	(32)	-	-
Reversal of provision for:				
- foreseeable losses	(157)	-	-	-
- liquidated and ascertained damages	(115)	(1)	-	-
- onerous contract	(2,471)	(2,258)	-	-
Waiver of debts received	-	(5,579)	-	(3,446)

26. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2017 and 2016 are as follows:

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Statements of comprehensive income					
Current income tax:					
- Current income tax charge		-	-	-	-
- Adjustment in respect of prior years		-	329	-	-
		-	329	-	-
Deferred tax:					
- Current deferred tax charge	19	(353)	-	-	-
Real property gain tax:					
- Current year		(260)	-	-	-
Income tax recognised in profit or loss		(613)	329	-	-

Notes to the Financial Statements
cont'd

26. INCOME TAX EXPENSE *cont'd*

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2016: 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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit before tax	(8,212)	(7,017)	977	(9,599)
Tax at Malaysian statutory income tax rate of 24% (2016: 24%)	1,971	1,684	(234)	2,304
Adjustments:				
Income not subject to tax	1,577	5,385	113	2,507
Non-deductible expenses	(1,091)	(2,257)	(78)	(4,660)
(Originations)/reversal of deferred tax assets not recognised	(2,810)	(4,812)	199	(151)
Adjustment in respect of prior years	-	329	-	-
Real property gain tax	(260)	-	-	-
Income tax expense	(613)	329	-	-

27. LOSS PER ORDINARY SHARE

(i) Basic loss per ordinary share

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

	Group	
	2017	2016
	RM'000	RM'000
Loss attributable to owners of the Company	(8,825)	(6,688)
	2017	2016
	Units '000	Units '000
Weighted average number of ordinary shares for basic loss per share	492,555	479,808
	2017	2016
	Sen	Sen
Basic loss per ordinary share	(1.79)	(1.39)

Notes to the Financial Statements
cont'd

27. LOSS PER ORDINARY SHARE *cont'd*

(ii) Diluted loss per ordinary share

Diluted loss per share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares 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 per ordinary shares are equals to the basic loss per share because the outstanding warrants are anti-dilutive.

28. OTHER 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	
	2017	**2016**
	RM'000	**RM'000**
Not later than one year	763	22,387
More than one year and not later than five years	32	13,478
	795	35,865

The Group leases a number of hotel buildings, office buildings and leaseback of serviced apartments from purchasers under operating leases. These non-cancellable leases have remaining lease terms of between 2018 and 2020 years with option to renew the lease at the end of the lease term. All lease include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

(ii) Operating lease commitments – as lessor

The Group leases out certain of its investment properties and sublease serviced apartment from the house buyers of completed development properties projects. The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Not later than 1 year	3,180	14,552
Later than 1 year but not later than 5 years	1,193	3,716
	4,373	18,268

Notes to the Financial Statements
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29. 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;
(d) Entities in which subsidiaries' director have substantial financial interests; and
(e) 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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Hotel and related services rendered	-	25	-	-
Rental of motor vehicles to subsidiaries	-	-	89	89
Casa Andaman Sdn. Bhd.				
- Sale of properties to related party	-	(654)	-	-
Travelling and accommodation	53	-	1	-
Xperential Dynamics Sdn. Bhd.				
- Bad debts written off	-	-	-	13,289
- Waiver of debts received	-	-	-	(3,446)

(iii) Compensation of key management personnel

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Key management personnel:				
- short-term employee benefits	1,278	1,264	-	-
- defined contribution plan	155	155	-	-
	1,433	1,419	-	-

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.

Notes to the Financial Statements
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30. SEGMENT INFORMATION

The Group prepared the following segment in accordance with FRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Managing Director ("MD") 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

Segment profit

Segment performance is used to measure performance as Group's Managing 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.

Segment assets

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 Managing Director and Chief Operating Officer.

Segment liabilities

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

Notes to the Financial Statements
cont'd

30. SEGMENT INFORMATION *cont'd*

2017	Property Development RM'000	Construction RM'000	Property Investment RM'000	Hotel Operations RM'000	Others RM'000	Adjustments and Elimination RM'000		Consolidated RM'000
Revenue								
External sales	6,968	8,381	2,923	2,393	733	-		21,398
Inter-segment sales	-	-	-	-	-	-		-
Total	6,968	8,381	2,923	2,393	733	-		21,398
Results								
Include in the measure of segment loss are:								
Segment results	(10,702)	(13,011)	(5,579)	5,604	6,067	311	A	(17,310)
Unallocated items	2,764	4,572	6,936	(660)	(2)	-		13,610
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	21,077	250,690	(306,026)	B	262,832
Tax assets								1,204
Total assets								264,036
Other segment information								
Capital expenditure	-	24	-	172	56	-		252
Depreciation	(284)	(633)	(36)	(652)	(1,394)	-		(2,999)

Notes to the Financial Statements
cont'd

30. SEGMENT INFORMATION *cont'd*

2017	Property Development RM'000	Construction RM'000	Property Investment RM'000	Hotel Operations RM'000	Others RM'000	Adjustments and Elimination RM'000	Consolidated RM'000
Other segment information							
Non cash items other than depreciation:							
Bad debts written off	(69)	-	-	(7)	(48)	-	(124)
Bad debts recovered	699	-	-	-	-	-	699
Forfeiture income	-	-	-	-	2,059	-	2,059
Gain on disposal of:							
- property, plant and equipment	-	-	-	5,206	9	-	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:							
- forseeable losses	157	-	-	-	-	-	157
- liquidated and ascertained damages	115	-	-	-	-	-	115
- onerous contract	2,471	-	-	-	-	-	2,471

Notes to the Financial Statements
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30. SEGMENT INFORMATION *cont'd*

2016	Property Development RM'000	Construction RM'000	Property Investment RM'000	Hotel Operations RM'000	Others RM'000	Adjustments and Elimination RM'000		Consolidated RM'000
Revenue								
External sales	36,644	28,270	3,068	2,667	725	-		71,374
Inter-segment sales	-	-	-	-	-	-		-
Total	36,644	28,270	3,068	2,667	725	-		71,374
Results								
Include in the measure of segment loss are:								
Segment results	1,938	(18,218)	715	469	16,874	(9,831)	A	(8,053)
Unallocated items	(1,153)	4,949	(1,482)	(692)	(5,568)	10,649	A	6,703
Finance costs	(2,059)	(3,516)	(11)	-	(81)	-		(5,667)
Segment loss								(7,017)
Income tax expense								329
Loss for the financial year								(6,688)
Assets								
Segment assets #	156,093	116,664	81,793	15,342	263,502	(339,155)	B	294,239
Tax assets								1,204
Total assets								295,443
Other segment information								
Capital expenditure	3	-	-	86	197	-		286
Depreciation	(329)	(637)	(36)	(676)	(1,558)	-		(3,236)

Notes to the Financial Statements
cont'd

30. SEGMENT INFORMATION *cont'd*

2016	Property Development RM'000	Construction RM'000	Property Investment RM'000	Hotel Operations RM'000	Others RM'000	Adjustments and Elimination RM'000	Consolidated RM'000
Other segment information							
Non cash items other than depreciation:							
Bad debts written off	(885)	-	(48)	(16)	(13,289)	13,289	(949)
Impairment loss on:							
- other receivables and deposits	-	-	(824)	-	-	-	(824)
- trade receivables	-	-	(830)	-	-	-	(830)
Inventories written down	(19)	-	-	-	-	-	(19)
Net loss arising from fair value adjustment of investment properties	-	-	(35)	-	-	-	(35)
Provision for:							
- foreseeable losses	(22)	-	-	-	-	-	(22)
Gain on disposal of:							
- property, plant and equipment	-	-	249	-	26	-	275
- subsidiaries	-	-	-	-	6,995	(2,640)	4,355
Interest income	101	7	10	-	-	-	118
Reversal of provision for:							
- liquidated and ascertained damages	1	-	-	-	-	-	1
- onerous contract	-	-	-	-	2,258	-	2,258
Reversal of impairment loss no longer required on:							
- trade receivables	-	-	32	-	-	-	32
Waiver of debts received	-	5,579	-	-	-	-	5,579

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.*

Notes to the Financial Statements
cont'd

30. 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	
	2017	2016
	RM'000	RM'000
Elimination of inter-group transactions	311	818

B Reconciliation of segment assets

	Group	
	2017	2016
	RM'000	RM'000
Inter-segment assets	(306,026)	(339,155)

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

For construction and property development segment, revenue from a major customer amounted to approximately RM8,381,000 (2016: RM43,274,000).

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.

Notes to the Financial Statements
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31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Loans and receivables				
Trade and other receivables	41,399	55,609	82,950	84,680
Amount owing by contract customer	-	2,551	-	-
Cash and short-term deposits	3,319	4,197	41	20
	44,718	62,357	82,991	84,700
Financial liabilities				
Other financial liabilities				
Trade and other payables	61,843	65,727	7,183	9,888
Loans and borrowings	47,493	67,910	-	-
	109,336	133,637	7,183	9,888

(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.

Notes to the Financial Statements
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31. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(i) Credit risk

Trade and other receivables

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.

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

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

The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 10 to the financial statements.

Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. A significant portion of these trade receivables are regular customers that have been transacting with the Group.

Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. Impairment is made on specific receivables when there is objective evidence that the Group will not be able to collect all amounts due.

Intercompany balances

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the results of the subsidiaries in determining the recoverability of these intercompany balances.

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable.

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

Notes to the Financial Statements
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31. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(i) Credit risk *cont'd*

Trade and other receivables *cont'd*

Credit risk concentration profile

The Group's trade receivables credit risk is concentrated in Malaysia.

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 and the Company's trade receivables at the reporting date are as follows:

	Group			
	2017		2016	
	RM'000	%	RM'000	%
Property development	3,486	38%	19,858	56%
Construction services	5,149	56%	14,779	41%
Others	579	6%	1,146	3%
	9,214	100%	35,783	100%

Other financial assets

For 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 financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

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 RM46.889 million (2016: RM66.884 million) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 31(b)(ii) to the financial statements. As at the reporting date, there was no indication that the subsidiaries would default on repayment.

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.

Notes to the Financial Statements

cont'd

31. 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 are based on contractual undiscounted repayment obligations are as follows:

		Contractual cash flows			
	Carrying Amount	On demand or within 1 year	1 to 5 years	More than 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
2017					
Financial liabilities					
Trade and other payables	61,843	61,843	-	-	61,843
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
	109,336	84,823	25,648	3,083	113,554
Group					
2016					
Financial liabilities					
Trade and other payables	65,727	65,727	-	-	65,727
Loans and borrowings					
- finance lease liabilities	1,026	411	629	81	1,121
- bank overdrafts	14,022	15,245	-	-	15,245
- term loans (fixed)	1,298	226	905	358	1,489
- term loans (floating)	41,886	13,993	27,392	2,925	44,310
- revolving working capital financing	9,678	10,394	-	-	10,394
	133,637	105,996	28,926	3,364	138,286

Notes to the Financial Statements
cont'd

31. 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 are 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	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
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
Company					
2016					
Financial liabilities					
Trade and other payables	9,888	9,888	-	-	9,888
Financial guarantee contracts	-	66,884	-	-	66,884
	9,888	76,772	-	-	76,772

(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.

Notes to the Financial Statements
cont'd

31. 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 2017	+50	(229)	(229)
	-50	229	229
31 December 2016	+50	(328)	(328)
	-50	328	328

(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	10
Amount owing by contract customer	11
Cash and short-term deposits	12
Financial liabilities	
Loans and borrowings	18
Trade and other payables	20

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

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

Notes to the Financial Statements
cont'd

31. FINANCIAL INSTRUMENTS *cont'd*

(c) Fair value measurement *cont'd*

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between Level 1 and Level 2 during the financial year (2016: 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:

	2017		2016	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
Financial liabilities				
Finance lease liabilities	604	607	1,026	1,021
Bank loans - fixed	1,120	1,120	1,298	1,288

The fair value of finance lease liabilities and fixed bank loans 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.

Notes to the Financial Statements
cont'd

32. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern, so as to maintain investor, creditor 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 2017 and 31 December 2016.

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 at as reporting date are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Trade and other payables	61,843	65,727	7,183	9,888
Total loans and borrowings	47,493	67,910	-	-
Total debts	109,336	133,637	7,183	9,888
Total equity	141,293	150,118	195,565	194,588
Gearing ratio	77%	89%	4%	5%

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

The Company is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

A class action was initiated by 137 owners against Maju Puncakbumi Sdn. Bhd. ("MPSB") claiming for the breach of contract in relation to the Gurantee 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.

Notes to the Financial Statements
cont'd

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

(ii) Disposal of The Summit Hotel Bukit Mertajam in ZKP Development Sdn. Bhd. ("ZKP")

On 20 April 2017, the Company had entered into a conditional Sale and Purchase Agreement for the proposed disposal of The Summit Hotel Bukit Mertajam, owned by a wholly owned subsidiary, ZKP Development Sdn. Bhd. to Teraju Menang Sdn. Bhd. for a consideration of RM 20,000,000, inclusive of Goods and Services Tax ("GST").

The disposal has been completed on 20 December 2017.

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

Class action initiated by 55 owners of The Arc @ Cyberjaya

A wholly owned subsidiary, 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 Group intends to defend the suit and will take all necessary steps in this regard.

Statement by Directors

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

We, **DATO' (DR.) TEOH SENG FOO** and **DATO' TEOH SENG KIAN**, being two of the directors of MEDA INC. BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 35 to 109 are drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

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

DATO' (DR.) TEOH SENG FOO
Director

DATO' TEOH SENG KIAN
Director

Kuala Lumpur

Date: 13 April 2018

Statutory Declaration

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

I, **AN SIEW CHONG**, being the director primarily responsible for the financial management of 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 35 to 109 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.

AN SIEW CHONG
MIA membership number: 26815

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 13 April 2018.

Before me,

Tan Kim Chooi
License No. W661
Commissioner for Oaths

Independent Auditors' Report

To the Members of Meda Inc. Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Meda Inc. Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 35 to 109.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Key Audit Matters

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

Going concern (Note 2.7 and 4(f) to the financial statements)

The directors have continued to adopt the going concern basis in preparing the financial statements after having prepared a cash flows forecast supporting the assertion that the Group will have sufficient resources to continue for a period of at least 12 months.

The directors' assessment on the Group's ability to continue as a going concern was an area of focus as the assessment requires the exercise of significant judgement by the directors on assumptions supporting the cash flows forecast, including the revenue, profit margin and the actual timing of collection of receivables, and these are fundamental to the appropriateness of the going concern basis which was adopted for the preparation of the financial statements.

Our audit response:
Our audit procedures included, among others:
- reviewing the cash flows forecast over the next 12 months;
- reviewing the cash flows forecast by comparing the Group's assumptions as well as our assessments in relation to key assumptions such as revenue and profit margin;
- testing the mathematical accuracy of the cash flows forecast calculation;
- assessing and challenging the appropriateness of the stress scenarios used; and
- reviewing the appropriateness of related disclosures.

Independent Auditors' Report

To the Members of Meda Inc. Berhad
(Incorporated in Malaysia)
cont'd

Key Audit Matters *cont'd*

Trade and other receivables (Note 10 to the financial statements)

As disclosed in Note 10 to the financial statements, the carrying amount of the trade and other receivables of the Group and of the Company amounted to RM41,399,000 and RM82,950,000 respectively as at 31 December 2017.

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

Our audit response:
Our audit procedures included, among others:

- evaluating the design and implementation of controls associated with monitoring and impairment assessment of receivables that were either in default or significantly overdue as at 31 December 2017;
- 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 21, Note 33 and Note 34 to the financial statements)

As disclosed in Note 21, Note 33 and Note 34 to the financial statements, there are numbers of lawsuit filed against a subsidiary of the Group on its Guaranteed Rental Return Scheme of a project.

The appropriateness and adequacy of provisions made by management in respect of legal claim, which 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 audit response:
Our audit procedures included, among others:

- reviewing the design and implementation of the controls over the identification and calculation of the provisions;
- reading legal opinion obtained by management;
- discussing with the management and reading of subsequent correspondences; and
- obtaining correspondence from external solicitors and discussing with certain of those external solicitors for the more significant cases.

Independent Auditors' Report

To the Members of Meda Inc. Berhad
(Incorporated in Malaysia)
cont'd

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 audit response:
Our audit procedures included, among others:

- evaluating the competence, capabilities and objectivity of the external valuers which included consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation by reading the terms of engagement to assess whether any matters that might have affected their objectivity or limited the scope of their work;
- reading the valuation reports for all significant properties and discussed with external valuers on their valuation approach and the significant judgements they made, including the selection of comparable properties and adjustments for differences in key attributes made to the transacted value of comparable properties; and
- assessing the valuation approach used and appropriateness of the key assumptions based on our knowledge of the property industry.

Revenue and expenses recognition for construction business (Note 11 to the financial statements)

We focused on this area because the amounts of revenue and related expenses recognised in the construction business require the Group to apply significant judgement. The revenue and related expenses are recognised based on the estimated total revenue and expenses and the stage of completion method. The stage of completion method is determined by reference to costs incurred for work performed to date to the estimated total costs for each project. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our audit response:
Our audit procedures on major project included, among others:

- reviewing the design and implementation of controls over the Group's process in recording project costs, preparing project budget and calculating the stage of completion;
- challenging the Group' major assumptions by comparing to contractual terms, historical margin and our understanding gathered from the analysis of changes in assumptions from previous year;
- discussing the progress of the projects and expected outcome with the project directors to obtain an understanding of the basis on which the estimates are made;
- assessing the reasonableness of computed stage of completion for identified projects against architect certificate or progress report and the physical completion; and
- testing the mathematical computation of the recognised revenue and expenses during the financial year.

Independent Auditors' Report

To the Members of Meda Inc. Berhad
(Incorporated in Malaysia)
cont'd

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

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

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.

Independent Auditors' Report

To the Members of Meda Inc. Berhad
(Incorporated in Malaysia)
cont'd

Auditors' Responsibilities for the Audit of the Financial Statements *cont'd*

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

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

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

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

Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

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

Kuala Lumpur

Date: 13 April 2018

Analysis of Shareholdings
As at 30 March 2018

ORDINARY SHARES

Issued and Fully Paid-up Share Capital	:	RM241,495,946*
No. of Shareholders	:	9,177
Voting Rights	:	One vote per ordinary share, on poll voting

* *excluding of 9,563,400 treasury shares*

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

Size of shareholdings	No. of Shareholders	Total Shareholdings	% of issued capital
1-99	54	1,207	0.00
100-1,000	6,722	6,657,646	1.38
1,001-10,000	1,879	7,714,364	1.60
10,001-100,000	399	11,760,795	2.43
100,001-24,149,593 (+)	121	396,901,780	82.18
24,149,594 and above (++)	2	59,956,100	12.41
Total	**9,177**	**482,991,892**	**100.00**

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

DIRECTORS' SHAREHOLDINGS
as per Register of Directors' Shareholdings as at 30 March 2018

Name of Directors	No. of shares held Direct Interest (%) (A)	No. of shares held Indirect Interest (%) (B)	Total Interest (%) (A + B)
Dato' Seri Dr. Mohd Ariff Bin Araff	-	-	-
Dato' (Dr.) Teoh Seng Foo	20,210,000 (4.18)	6,128,000 (1.27) (1)	26,338,000 (5.45)
Dato' Teoh Seng Kian	54,346,324 (11.25)	-	54,346,324 (11.25)
Ooi Giap Ch'ng	-	-	-
Chin Wing Wah	4,015,200 (0.83)	-	4,015,200 (0.83)
An Siew Chong	-	-	-

Analysis of Shareholdings

As at 30 March 2018
cont'd

SUBSTANTIAL SHAREHOLDERS
as per Register of Substantial Shareholders as at 30 March 2018

Name of Substantial Shareholders	No. of shares held Direct Interest (%) (A)	No. of shares held Indirect Interest (%) (B)	Total Interest (%) (A + B)
Dato' (Dr.) Teoh Seng Foo	20,210,000 (4.18)	6,128,000 (1.27) (1)	26,338,000 (5.45)
Teoh Seng Aun	67,356,988 (13.95)	-	67,356,988 (13.95)
Dato' Teoh Seng Kian	54,346,324 (11.25)	-	54,346,324 (11.25)
Dato' Tiong Kwing Hee	82,277,500 (17.03)	-	82,277,500 (17.03)
One Sierra Sdn Bhd	33,450,000 (6.93)	-	33,450,000 (6.93)

Notes:

(1) Indirect interest held through his spouse, Datin Cheam Shaw Fin

TOP 30 SECURITIES ACCOUNT HOLDERS
(Based on Record of Depositors)

No.	Name	Shareholdings	%
1.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for One Sierra Sdn Bhd*	33,330,000	6.9007
2.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tiong Kwing Hee (MGN-TKH0013M)*	26,626,100	5.5127
3.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teoh Seng Aun (STG)*	19,629,000	4.0640
4.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tiong Kwing Hee (DHG)*	17,888,900	3.7038
5.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teoh Seng Foo (Margin)*	17,860,000	3.6978
6.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wawasan Fokus Sdn Bhd*	14,863,500	3.0774
7.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wawasan Fokus Sdn Bhd*	14,692,292	3.0419
8.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teoh Seng Kian (MGN-TSK0015M)*	13,506,300	2.7964
9.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teoh Seng Kian (Margin)*	13,407,300	2.7759
10.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chen Sau Mou*	13,185,400	2.7299
11.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teoh Seng Aun*	12,587,400	2.6061
12.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account – Ambank (M) Berhad for Tiong Kwing Hee (Smart)*	11,880,000	2.4597
13.	Koperasi Permodalan Felda Malaysia Berhad	10,384,000	2.1499
14.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teoh Seng Aun (MGN-TSA0002M)*	10,328,500	2.1384
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Abd Rahman Bin Harun (6000503)*	9,403,800	1.9470

Analysis of Shareholdings

As at 30 March 2018

cont'd

TOP 30 SECURITIES ACCOUNT HOLDERS *cont'd*
(Based on Record of Depositors)

No.	Name	Shareholdings	%
16.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chen Sau Mou*	8,500,000	1.7599
17.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teoh Seng Kian (DHG)*	8,319,000	1.7224
18.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tiong Kwing Hee (8088854)*	8,063,000	1.6694
19.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account – Ambank (M) Berhad for Teoh Seng Aun (Smart)*	8,050,000	1.6667
20.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Teoh Seng Kian (MY1919)*	8,000,000	1.6563
21.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Teoh Seng Aun (MY1941)*	8,000,000	1.6563
22.	Commerce Prism Sdn Bhd	7,539,700	1.5610
23.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tiong Kwing Hee (8068389)*	7,334,500	1.5186
24.	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account for Teoh Seng Kian (M&A)*	7,330,000	1.5176
25.	Pelaburan Mara Berhad	6,269,900	1.2981
26.	Cheam Shaw Fin	6,128,000	1.2688
27.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chen Sau Mou (030)*	5,642,700	1.1683
28.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Aturan Prisma Sdn Bhd*	5,600,000	1.1594
29.	Aturan Prisma Sdn Bhd	5,500,000	1.1387
30.	Maybank Nominees (Tempatan) Sdn Bhd *Tan Shie Horng*	5,437,400	1.1258
	Total	**345,286,692**	**71.4889**

Analysis of Warrantholdings

As at 30 March 2018

WARRANTS 2011/2021 (WARRANTS A)

Number of Outstanding Warrants	:	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

DISTRIBUTION SCHEDULE OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	Total Warrantholdings	% of outstanding warrants
1-99	8	282	0.00
100-1,000	469	193,400	0.37
1,001-10,000	200	768,805	1.48
10,001-100,000	97	3,933,630	7.57
100,001-2,597,474 (*)	47	21,010,024	40.44
2,597,475 and above (**)	4	26,043,359	50.13
TOTAL	**825**	**51,949,500**	**100.00**

Remarks: * *Less than 5% of outstanding warrants*
** *5% and above of outstanding warrants*

DIRECTORS' WARRANTHOLDINGS
as per Register of Directors' Warrantholdings as at 30 March 2018

Name of Directors	No. of warrants held Direct Interest (%) (A)	No. of warrants held Indirect Interest (%) (B)	Total Interest (%) (A + B)
Dato' Seri Dr. Mohd Ariff Bin Araff	-	-	-
Dato' (Dr.) Teoh Seng Foo	867,700 (1.67)	893,300 (1.72) (1)	1,761,000 (3.39)
Dato' Teoh Seng Kian	2,373,700 (4.57)	-	2,373,700 (4.57)
Ooi Giap Ch'ng	-	-	-
Chin Wing Wah	580,000 (1.12)	-	580,000 (1.12)
An Siew Chong	-	-	-

Notes:

(1) Indirect interest held through his spouse, Datin Cheam Shaw Fin

Analysis of Warrantholdings

As at 30 March 2018
cont'd

TOP 30 SECURITIES ACCOUNT HOLDERS
(Based on Record of Depositors)

No.	Name	Warrantholdings	%
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.	Teoh Seng Aun	1,799,510	3.4640
6.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tiong Kwing Hee (DHG)*	1,633,732	3.1448
7.	Neoh Guan Kie	1,350,000	2.5987
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.	Dan Yoke Pyng	862,000	1.6593
11.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tiong Kwing Hee (8068389)*	800,000	1.5400
12.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teoh Seng Foo (Margin)*	767,000	1.4764
13.	Teoh Seng Kian	761,900	1.4666
14.	Cheam Shaw Fin	612,800	1.1796
15.	HLIB Nominee (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.	Teoh Seng Kian	572,900	1.1028
18.	Tang Suan Faa	507,000	0.9759
19.	Energy Junction Sdn Bhd	500,000	0.9625
20.	Hong Lee Ching	500,000	0.9625
21.	PM Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tang Teck Sun (B)*	445,000	0.8566
22.	Lawrence Chin Kok Jin	436,400	0.8400
23.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Teoh Seng Kian (MY1919)*	400,000	0.7700
24.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Teoh Seng Aun (MY1941)*	400,000	0.7700
25.	EB Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Teoh Seng Kian (SFC)*	398,700	0.7675
26.	EB Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Teoh Seng Aun (SFC)*	387,400	0.7457
27.	HLIB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Boon Kim Yu (CCTS)*	383,500	0.7382
28.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chu Sai Boon*	360,000	0.6930
29.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Neoh Guan Kie (CEB)*	300,000	0.5775
30.	Zaiton Binti Abu Bakar	270,000	0.5197
	Total	**43,733,401**	**84.1844**

Analysis of Warrantholdings

As at 30 March 2018
cont'd

WARRANTS 2012/2022 (WARRANTS B)

Number of Outstanding Warrants	:	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

DISTRIBUTION SCHEDULE OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	Total Warrantholdings	% of outstanding warrants
1-99	226	7,994	0.01
100-1,000	10,029	3,014,274	3.12
1,001-10,000	1,039	3,021,501	3.13
10,001-100,000	336	14,979,047	15.53
100,001-4,822,887 (*)	141	70,553,750	73.14
4,822,888 and above (**)	1	4,881,200	5.06
TOTAL	**11,772**	**96,457,766**	**100.00**

*Remarks : * Less than 5% of outstanding warrants*
*** 5% and above of outstanding warrants*

DIRECTORS' WARRANTHOLDINGS
as per Register of Directors' Warrantholdings as at 30 March 2018

Name of Directors	No. of warrants held Direct Interest (%) (A)	No. of warrants held Indirect Interest (%) (B)	Total Interest (%) (A + B)
Dato' Seri Dr. Mohd Ariff Bin Araff	-	-	-
Dato' (Dr.) Teoh Seng Foo	5,687,500 (5.90)	-	5,687,500 (5.90)
Dato' Teoh Seng Kian	2,501,500 (2.60)	-	2,501,500 (2.60)
Ooi Giap Ch'ng	-	-	-
Chin Wing Wah	-	-	-
An Siew Chong	-	-	-

Analysis of Warrantholdings

As at 30 March 2018
cont'd

TOP 30 SECURITIES ACCOUNT HOLDERS
(Based on Record of Depositors)

No.	Name	Warrantholdings	%
1.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kwong Ming Kwei (08KW032ZQ-008)*	4,881,200	5.0605
2.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tiong Kwing Hee (DHG)*	4,334,000	4.4932
3.	Teoh Seng Foo	3,770,000	3.9084
4.	Heng Yong Kang @ Wang Yong Kang	3,000,000	3.1102
5.	Kenanga Nominees (Temptan) Sdn Bhd *Pledged Securities Account for Gan Boon Guat (028)*	2,975,500	3.0848
6.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for One Sierra Sdn Bhd*	2,000,000	2.0734
7.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teoh Seng Foo (Margin)*	1,917,500	1.9879
8.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tiong Kwing Hee (8068389)*	1,896,125	1.9658
9.	Cheam Shaw Fin	1,532,000	1.5883
10.	Lee Yong Wah	1,500,000	1.5551
11.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Koh Boon Poh (008)*	1,440,250	1.4931
12.	Maybank Nominees (Tempatan) Sdn Bhd *Chiew How Hua*	1,100,000	1.1404
13.	Lawrence Chin Kok Jin	1,093,300	1.1334
14.	Teoh Seng Aun	1,084,900	1.1247
15.	Tan Suan Faa	1,060,000	1.0989
16.	Chen Sau Mou	1,042,500	1.0808
17.	One Sierra Sdn Bhd	1,000,000	1.0367
18.	EB Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Teoh Seng Aun (SFC)*	843,500	0.8745
19.	Yap Kwong Sen	832,200	0.8628
20.	Loh Chee Kong	800,500	0.8299
21.	Tong Thian Tiong	787,500	0.8164
22.	Lam Yen Ling	759,200	0.7871
23.	HLIB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Eng Min (CCTS)*	737,200	0.7643
24.	Lee Han Chuan	733,400	0.7603
25.	Teoh Seng Kian	729,000	0.7558
26.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lai Ee Fong (E-TSA)*	725,400	0.7520
27.	Yong Siew Ngee	716,000	0.7423
28.	Wong Yoke Sum	690,200	0.7155
29.	Sing Kim Heng	650,000	0.6739
30.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Kim Tan*	612,100	0.6346
	Total	**45,243,475**	**46.9050**

Analysis of Warrantholdings

As at 30 March 2018

cont'd

WARRANTS 2014/2024 (WARRANTS C)

Number of Outstanding Warrants	:	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

DISTRIBUTION SCHEDULE OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	Total Warrantholdings	% of outstanding warrants
1-99	118	2,815	0.01
100-1,000	9,553	1,610,100	3.33
1,001-10,000	420	1,245,326	2.57
10,001-100,000	107	4,422,358	9.13
100,001-2,421,069 (*)	61	33,300,409	68.77
2,421,070 and above (**)	2	7,840,400	16.19
TOTAL	**10,261**	**48,421,408**	**100.00**

Remarks: * *Less than 5% of outstanding warrants*
** *5% and above of outstanding warrants*

DIRECTORS' WARRANTHOLDINGS
as per Register of Directors' Warrantholdings as at 30 March 2018

Name of Directors	No. of warrants held Direct Interest (%) (A)	No. of warrants held Indirect Interest (%) (B)	Total Interest (%) (A + B)
Dato' Seri Dr. Mohd Ariff Bin Araff	-	-	-
Dato' (Dr.) Teoh Seng Foo	2,243,000 (4.63)	612,800 (1.27) (1)	2,855,800 (5.90)
Dato' Teoh Seng Kian	5,658,032 (11.68)	-	5,658,032 (11.68)
Ooi Giap Ch'ng	-	-	-
Chin Wing Wah	102,020 (0.21)	-	102,020 (0.21)
An Siew Chong	-	-	-

Notes:

(1) *Indirect interest held through his spouse, Datin Cheam Shaw Fin*

Analysis of Warrantholdings

As at 30 March 2018
cont'd

TOP 30 SECURITIES ACCOUNT HOLDERS
(Based on Record of Depositors)

No.	Name	Warrantholdings	%
1.	Teoh Seng Aun	4,158,500	8.5881
2.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for One Sierra Sdn Bhd*	3,681,900	7.6039
3.	Teoh Seng Kian	2,416,000	4.9895
4.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chen Sau Mou*	2,236,540	4.6189
5.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tiong Kwing Hee (DHG)*	1,794,890	3.7068
6.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Teoh Seng Aun (MY1941)*	1,583,390	3.2700
7.	Neoh Guan Kie	1,447,130	2.9886
8.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teoh Seng Aun (STG)*	1,418,200	2.9289
9.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Teoh Seng Kian (MY1919)*	1,390,730	2.8721
10.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teoh Seng Foo (Margin)*	1,390,000	2.8706
11.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wawasan Fokus Sdn Bhd*	1,307,369	2.7000
12.	Majestic Wizard Sdn Bhd	913,120	1.8858
13.	Teoh Seng Foo	853,000	1.7616
14.	Ong Chin Sean	848,200	1.7517
15.	Mohd Abdul Aziz Bin Mohamed	829,000	1.7121
16.	M&A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account for Teoh Seng Kian (M&A)*	786,000	1.6232
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tiong Kwing Hee (8068389)*	758,450	1.5664
18.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ong Chin Sean*	730,100	1.5078
19.	Ngoi Leong Ee	650,000	1.3424
20.	One Sierra Sdn Bhd	634,810	1.3110
21.	Cheam Shaw Fin	612,800	1.2656
22.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teoh Seng Kian (DHG)*	593,300	1.2253
23.	Tong Thian Tiong	570,300	1.1778
24.	Khor Chin Par	501,100	1.0349
25.	Chen Sau Mou	449,000	0.9273
26.	Adlina Ho Binti Abdullah	441,200	0.9112
27.	Wan Mohd Zaki Bin Wan Md Ali	426,800	0.8814
28.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account – Ambank (M) Berhad for Teoh Seng Aun (SMART)*	400,000	0.8261
29.	Maybank Nominees (Tempatan) Sdn Bhd *Tan You Tiong*	400,000	0.8261
30.	Chua Boon Siang	395,200	0.8162
	Total	**34,617,029**	**71.4913**

List of Properties

No.	Address	Description	Approximate Areas	Existing Use	Tenure	Approx. Age of Building	Net Book Value as at 31.12.2017 (RM'000)	Date of Last Revaluation
1	Plaza Bukit Mertajam (The Summit), Jalan Arumugam Pillai, 14000 Bukit Mertajam, Pulau Pinang.	Buildings	29,298.46 Square Metres	135 Stratified Parcels of Retail Lots and Office Lots	Freehold	16	49,409	31.12.2017
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 (HSD18574), 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	71,988	15.12.2015
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			19,177	31.12.2017
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, District of Sepang, State of Selangor.	Land	6.12 acres	Land under mixed development	Freehold	N/A	38,500	31.12.2017
	Total						**179,074**	

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 18th Annual General Meeting of the Company will be held at Ballroom 1, Level 5, The Summit Hotel Subang USJ, Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor Darul Ehsan on Friday, 25 May 2018 at 9:30 a.m.

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2017 together with the Directors' and Auditors' Reports thereon. ***[Please refer to Explanatory Notes]***

2. To approve the payment of Directors' fees. ***[Ordinary Resolution 1]***

3. To approve the payment of Directors' benefit (excluding Directors' fees) to the Non-Executive Directors from 31 January 2017 until the next Annual General Meeting of the Company. ***[Ordinary Resolution 2]***

4. To re-elect the following Directors who retire in accordance with Article 96(1) of the Company's Constitution:-

   (a) Dato' (Dr.) Teoh Seng Foo ***[Ordinary Resolution 3]***
   (b) Mr. Chin Wing Wah ***[Ordinary Resolution 4]***

5. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorize the Directors to fix their remuneration. ***[Ordinary Resolution 5]***

6. As **SPECIAL BUSINESS**, to consider and if thought fit, to pass the following Ordinary Resolutions:-

   ORDINARY RESOLUTION 6
   PROPOSED RETENTION OF INDEPENDENT DIRECTOR ***[Ordinary Resolution 6]***

   To retain Mr. Ooi Giap Ch'ng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017.

   ORDINARY RESOLUTION 7
   AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 ***[Ordinary Resolution 7]***

   "That, subject to the Companies Act, 2016 and the Articles of Association 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."

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

Notice of Annual General Meeting

cont'd

BY ORDER OF THE BOARD

TAN SHIM CHIENG (MAICSA 7013540)
Secretary
Petaling Jaya
20 April 2018

Notes:

(a) In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 May 2018 ("General Meeting Record of Depositors") are entitled to attend, speak and vote at the Company's 18th Annual General Meeting to be held on 25 May 2018.

(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 Articles of Association 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 Form of Proxy must be deposited at the Company's Registrar, Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan 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

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.

2. Ordinary Resolution 1 & 2
- Payment of Directors' fees and benefits made payable to Non Executive Directors

The proposed directors' fees of RM170,000 be maintained as per the previous financial year 2016 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 subsidiary 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 31 January 2017 until the next Annual General Meeting 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.

Notice of Annual General Meeting

cont'd

3. ***Ordinary Resolution 6***
- Proposed Retention of Independent Director

The proposed Ordinary Resolution No. 6, 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.

4. ***Ordinary Resolution 7***
- Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed Ordinary Resolution No. 7, if passed, will authorize the directors to issue shares up to 10% of the issued and paid-up 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 2017 which will lapse at the conclusion of the forthcoming Annual general Meeting.

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.

Form of Proxy

MEDA INC
(507785-P)
(Incorporated in Malaysia)

Number of Shares Held

I/We ____ NRIC No./Passport No./Company No. _________________________

of ____

being a member/members of 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 18th Annual General Meeting of the Company to be held at Ballroom 1, Level 5, The Summit Hotel Subang USJ, Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor Darul Ehsan on Friday, 25 May 2018 at 9:30 a.m. and at any adjournment thereof.

Resolutions		**First Proxy**		**Second Proxy**	
		For	**Against**	**For**	**Against**
Ordinary Resolution 1	Payment of Directors' fees				
Ordinary Resolution 2	Payment of Directors' benefits				
Ordinary Resolution 3	Re-election of Dato' (Dr.) Teoh Seng Foo as Director				
Ordinary Resolution 4	Re-election of Mr. Chin Wing Wah as Director				
Ordinary Resolution 5	Re-appointment of Auditors				
Ordinary Resolution 6	Proposed Retention of Independent Director				
Ordinary Resolution 7	Authority pursuant to Sections 75 and 76 of the Companies Act, 2016 for Directors to issue shares				

* *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 _________________ 2018

____
* 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 18 May 2018 ("General Meeting Record of Depositors") are entitled to attend, speak and vote at the Company's 18th Annual General Meeting to be held on 25 May 2018.

(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 Articles of Association 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 Form of Proxy must be deposited at the Company's Registrar, Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan 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

MEDA INC. BERHAD
(Co. No. 507785-P)
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1st Fold Here

www.meda.com.my

No. 10-G & 10-1, Jalan USJ Sentral 3,
UEP Subang Jaya, 47610 Subang Jaya,
Selangor Darul Ehsan, Malaysia

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