



**MAGNA PRIMA BERHAD**  
(369519-P)

ANNUAL  
REPORT

2017



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## 23<sup>rd</sup> ANNUAL GENERAL MEETING

Venue	Ideal Convention Centre - IDCC Shah Alam, Level 7, Jalan Pahat L 15/L, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan.
Date	6 June 2018, Wednesday
Time	10.00 a.m.





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## ABOUT US

**Magna Prima** was incorporated in Malaysia on 5 December 1995 as a private limited company before subsequently being converted to a public limited company, assuming its listing status on Bursa Malaysia and adopting its present name of Magna Prima Berhad on 16 January 1997.

Magna Prima Berhad is an investment holding company and through its subsidiaries, provides a diverse range of property development, building construction, trading and management services.

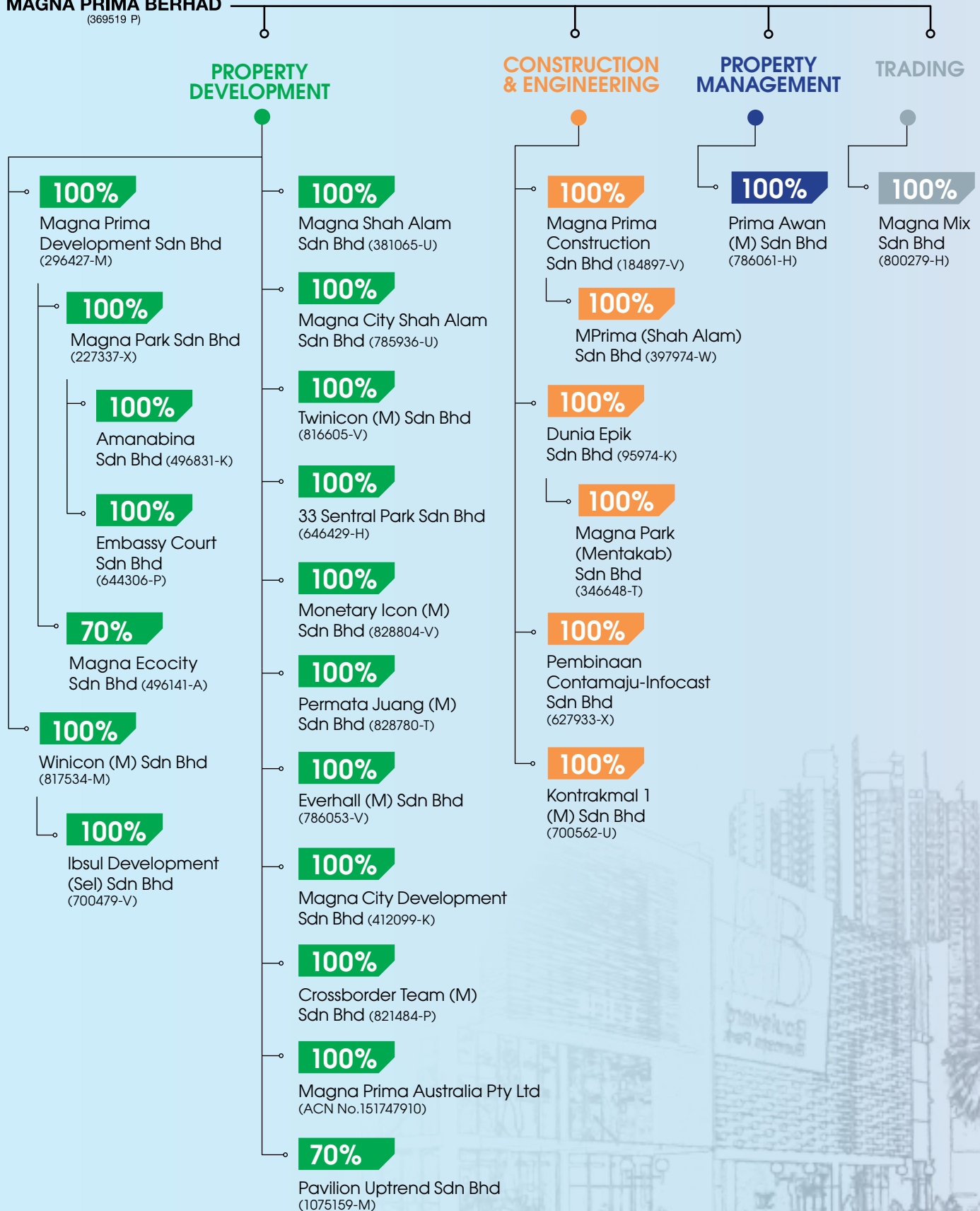
Focused in the Klang Valley, Magna Prima Berhad is a niche developer of integrated lifestyle themed projects that attract robust take up rates. The Group focuses on purchasing and developing pocket-sized landbanks which are located in high density areas, with easy accessibility and have a significant gross development value.



# GROUP STRUCTURE



**MAGNA PRIMA BERHAD**  
(369519 P)



## GROUP INFORMATION

# BOARD OF DIRECTORS

### TAN SRI DATUK ADZMI BIN ABDUL WAHAB

Independent Non-Executive Director, Chairman

### DATUK SERI RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

Group Managing Director

### HO WEN YAN

Executive Director

### SAZALI BIN SAAD

Independent Non-Executive Director

### LOW YEW SHEN

Independent Non-Executive Director

### CHANG CHEE KOK

Non-Independent Non-Executive Director

#### AUDIT COMMITTEE

Tan Sri Datuk Adzmi bin Abdul Wahab

Sazali bin Saad

Low Yew Shen

#### NOMINATION COMMITTEE

Tan Sri Datuk Adzmi bin Abdul Wahab

Sazali bin Saad

Low Yew Shen

#### REMUNERATION COMMITTEE

Tan Sri Datuk Adzmi bin Abdul Wahab  
- *Chairman*

Sazali bin Saad

Low Yew Shen

#### COMPANY SECRETARY

Yuen Yoke Ping  
(MAICSA 7014044)

#### REGISTERED OFFICE

Lot 4.01, Level 4,  
IDCC Corporate Tower,  
Jalan Pahat L 15/L,  
Seksyen 15,  
40200 Shah Alam,  
Selangor Darul Ehsan.  
Tel : 03-5022 5555  
Fax : 03-5022 5556  
Website : [www.magnaprima.com.my](http://www.magnaprima.com.my)

#### SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd  
(378993-D)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya,  
Selangor  
Tel : 603-7849 0777  
Fax : 603-7841 8151 / 8152

#### AUDITORS

Messrs Morison Anuarul Azizan Chew  
(AF 001977)  
*Chartered Accountants*

#### SOLICITORS

Ringo Low & Associates  
Manjit Singh Sachdev, Mohammad  
Radzi & Partners  
Satha & Co.  
Cecil Abraham & Partners  
Kenny Tan & Co  
Wong Kian Kheong  
Azmi Fazly Maha & Sim

#### PRINCIPAL BANKERS

Malaysia Building Society Berhad  
Affin Hwang Investment Bank Berhad  
OCBC Bank (M) Berhad  
Hong Leong Bank Berhad  
Malayan Banking Berhad  
Australia and New Zealand Banking  
Group  
Affin Bank Berhad  
Alliance Bank Malaysia Berhad  
Public Bank Berhad

#### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Main Board  
Listed since 16 January 1997  
Bursa's Code : 7617





## BOARD OF DIRECTORS

1

**TAN SRI DATUK ADZMI BIN ABDUL WAHAB**

*Independent Non-Executive Director, Chairman*

2

**DATUK SERI RAHADIAN MAHMUD BIN MOHAMMAD KHALIL**

*Group Managing Director*

3

**HO WEN YAN**

*Executive Director*

4

**SAZALI BIN SAAD**

*Independent Non-Executive Director*

5

**LOW YEW SHEN**

*Independent Non-Executive Director*

6

**CHANG CHEE KOK**

*Non-Independent Non-Executive Director*



## PROFILE OF DIRECTORS

### TAN SRI DATUK ADZMI BIN ABDUL WAHAB

*Independent Non-Executive Director, Chairman*

**Tan Sri Datuk Adzmi bin Abdul Wahab**, a Malaysian, male, aged 75, was appointed to the Board on 2 May 2006 as Independent Non-Executive Director, Chairman.

Tan Sri Datuk Adzmi, is the Chairman and Director of a number of companies involved in broadband, property development, construction, manufacturing and trading. He is also Advisor to Yasmin Holding Sdn Bhd and Malaysian Franchise Association.

Tan Sri Datuk Adzmi was appointed as the longest serving Managing Director of Edaran Otomobil Nasional Berhad ("EON") in November 1992 until May 2005. During his tenure, EON successfully diversified into a conglomerate with interests in automotive, banking, financial services, insurance, investments, properties and general trading. In 2003, he was conferred the Malaysian CEO of the Year by AMEX and Business Times.

Tan Sri Datuk Adzmi holds a Bachelor of Arts (Honours) degree in Economics and a Post Graduate Diploma in Public Administration from the University of Malaya and Master of Business Administration from University of Southern California, USA.

Tan Sri Datuk Adzmi served the Malaysian Administrative and Diplomatic Service in various capacities from 1967 to 1982 in the areas of Central Procurement and Contract Management in the Ministry of Finance; Investment Promotion in the Pahang Tenggara Development Authority, Public Enterprise Management in the Implementation Coordination Unit (Prime Minister's Department) and Regional Planning in the Klang Valley Planning Secretariat (Prime Minister's Department).

He was Manager, Corporate Planning Division from 1982 to 1985 at HICOM Berhad which is involved in the development of heavy industry projects.

He served PROTON from 1985 to 1992 with his last position as Director/Corporate General Manager, Administration and Finance Division.

Tan Sri Datuk Adzmi also sits on the Boards of Lebtech Berhad, LKL International Berhad, Dataprep Berhad and Grand Flo Berhad.

Tan Sri Datuk Adzmi is a member of Audit Committee and Nomination Committee. He also chairs the Remuneration Committee.

Tan Sri Datuk Adzmi has no family relationship with any of the directors and/or major shareholders of the Company nor has any shareholding in the Company.

Tan Sri Datuk Adzmi does not have any conflict of interest with the Company and has had no conviction for any offences within the past 5 years. Tan Sri Datuk Adzmi attended all Board Meeting held during the financial year ended 31 December 2017.

## Profile of Directors

### DATUK SERI RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

*Group Managing Director*

**Datuk Seri Rahadian Mahmud bin Mohammad Khalil**, a Malaysian, male, aged 44, was appointed to the Board on 16 July 2007 as Independent Non-Executive Director. On 12 May 2011, he was made Executive Director and promoted to Group Managing Director on 14 April 2014.

He was involved in the reforestation business as well as the construction and manufacturing sectors and is the Chairman of Per maju Industries Berhad.

He also sits on the Boards of San bumi Holdings Berhad and KYM Holdings Berhad.

Datuk Seri Rahadian Mahmud is a member of the ESOS and Tender Committees. He is the Chairman of the Executive Committee ("EXCO").

He has no family relationship with any of the directors and/or major shareholders of the Company.

Datuk Seri Rahadian Mahmud does not have any conflict of interest with the Company and has had no conviction for any offences within the past 5 years. Datuk Seri Rahadian Mahmud attended four (4) out of five (5) Board Meeting held during the financial year ended 31 December 2017.

### HO WEN YAN

*Executive Director*

**Ho Wen Yan**, a Malaysian, male, aged 43, was appointed to the Board of Magna Prima Berhad on 13 February 2017. He received his architectural training in the United Kingdom at the University of Bath and the Architectural Association. He also holds a Masters of Science (Construction Economics and Management) Degree from University College London.

He joined Hua Yang on 20 October 2003 as a Project Coordinator at its Johor Branch. He has been an Executive Director of the Group since 1 June 2007 and was appointed Chief Executive Officer on 20 August 2010.

Ho Wen Yan is a member of the ESOS, Tender and EXCO.

He is an immediate family member to Chew Po Sim, Ho Min Yi, Ho Wen Fan and Ho Wen Han who are major shareholders of the listed company through Prisma Pelangi Sdn Bhd.

Ho Wen Yan does not have any conflict of interest with the Company and has had no conviction for any offences within the past 5 years. Ho Wen Yan attended four (4) out of five (5) Board Meeting held during the financial year ended 31 December 2017.



## Profile of Directors

### SAZALI BIN SAAD

*Independent Non-Executive Director*

**Sazali bin Saad**, a Malaysian, male, aged 45, joined the Board on 2 May 2006 as Independent Non-Executive Director.

He is a lecturer in the College of Business, Universiti Utara Malaysia ("UUM") and has been with UUM since 2003.

Sazali holds a Bachelor of Accountancy (Hons) degree from UUM and a Masters in Electronic Commerce from Deakin University, Melbourne. He has also been a member of the Malaysian Institute of Accountant (MIA) since September 2000.

During his years in Australia, he honed his talents and expertise in both the accounting and commercial aspects of managing businesses - a world to which he is not a total stranger because from 1996 -1999, he held the position of Finance Executive, before being promoted to Finance Manager where he was in charge of three companies, i.e., Sistem Era Edar Sdn Bhd, Perkhidmatan Perubatan Homeopati dan Biokimia Sdn Bhd and Homeofarma Sdn Bhd, Jitra, Kedah.

Sazali's exposure to both the academic and the commercial world is an advantage, which he generously shares wherever he serves.

Sazali is a member of the Audit, Remuneration and Nomination Committees.

He has no family relationship with any of the directors and/or major shareholders of the Company nor has any shareholding in the Company.

Sazali does not have any conflict of interest with the Company and has had no conviction for any offences within the past 5 years. Sazali attended all Board Meeting held during the financial year ended 31 December 2017.

### LOW YEW SHEN

*Independent Non-Executive Director*

**Mr Low Yew Shen**, a Singaporean, male aged 44, was appointed to the Board on 21 February 2018 as an Independent Non-Executive Director.

Mr Low is also a Non-Executive Director of Regal International Group Ltd, a company with dual-listing on the Mainboard of Singapore Exchange – Securities Trading Limited and as Taiwan Depository Receipts on Taiwan Stock Exchange and involved in property development, mainly in East Malaysia.

Mr Low was admitted to the Singapore Bar in the year 2000 and is currently a partner in Elitaire Law LLP. He holds a Bachelor Degree of Laws (Honours) from the National University of Singapore.

He is a member of the Audit, Remuneration, Nomination and Tender Committees.

Mr Low Yew Shen has no family relationship with any of the directors and / or major shareholders of the Company nor has any shareholding in the Company.

He does not have any conflict of interest with the Company and has had no conviction for any offences within the past 5 years.

## Profile of Directors

### CHANG CHEE KOK

*Non-Independent and Non-Executive Director*

**Chang Chee Kok**, a Malaysian, male, aged 52, was appointed to the Board on 3 March 2016 as a Non-Independent and Non-Executive Director.

He is a Civil Engineer by profession and graduated from University Malaya in 1990.

He holds directorships in two private companies involved in building and civil construction works. Prior to these venture, he was employed by Mudajaya Corporation Bhd as a Project Manager.

Chang Chee Kok has no family relationship with any of the directors and/or major shareholders of the Company nor has any shareholding in the Company.

Chang Chee Kok does not have any conflict of interest with the Company and has had no conviction for any offences within the past 5 years. Chang Chee Kok attended all Board Meeting held during the financial year ended 31 December 2017.

## KEY SENIOR MANAGEMENT PROFILE



### THIRUCHELVAM RAJU

*Director of Property Development and Special project*

**Thiruchelvam Raju**, a Malaysian, male, aged 49, was appointed as Director of Property Development and Special project in 1 June 2016, in charge of the development projects of Magna Prima Group. He was graduated with Civil Engineering background by profession.


Thiruchelvam began his career in 1990 by joining Bandar Sunway Properties upon his graduation since then accumulated more than 28 years of extensive experience in the field of property development. Thiruchelvam has devoted his professional career to Country Heights Properties, Berjaya Land, and TTDI Development before he made his way to Magna Prima Berhad and has since been extruded with Magna Group's interests from 2010 to date. With 28 years under his belt, Thiruchelvam has gained vast experience and exposure in property development industries.

Thiruchelvam has spearheaded the group's development projects in Klang Valley and he has the good rapport with the government authorities, is one of major driving forces behind Magna Group's successful implementation of the projects. With his extensive background coupled with 28 years experience in property development, he has contributed invaluable aptitude in matters of finance by conducting feasibility studies, design and business development, project planning and implementation.

Thiruchelvam has no family relationship with any of the directors and/or major shareholders of the Company nor has any shareholding in the Company.

Thiruchelvam does not have any conflict of interest with the Company and has had no conviction for any offences within the past 5 years.

# MANAGEMENT DISCUSSION & ANALYSIS



**Magna Prima Berhad (“MPB”)** had a challenging year in 2017 with unfavourable market conditions in the property sector. Despite the tough operating environment we had successfully completed 2 projects namely, Desa Mentari, Petaling Jaya and Boulevard Service Apartments @ Jalan Kuching, Kuala Lumpur.

The Group had foreseen the lacklustre market early on and had taken measures to scale back on future developments and operations, redesigning some of our future projects to better suit the changing economic landscape at the same time managing our risk. While we are scaling back on medium high to high end projects we are concentrating our resources to launch more medium end offerings in areas that have a good population profile to achieve the desired sales target.

For the year 2017 in September we launched our latest project ‘The View’ Residences located at Seksyen 13, Shah Alam in the heart of golfing haven KGSAAS. Commencement of work will be begin during the 1<sup>st</sup> half of 2018.

To kick off on our strategy to build more medium end homes with an attractive price point we will start 2018 with a project at Metro Prima Kepong. This will be a joint venture with DBKL and will be one of a few that we will launch there in due course.

Kepong is experiencing a resurgence with new infrastructure developments and connectivity which is attracting the newer generations to consider it as an ideal location to call home. Kepong has its own unique following which has a large population base to tap into.

## FISCAL PERFORMANCE

For the 12 months ended 31 December 2017 (“FY17”), MPB and its subsidiary companies (“the Group”) achieved a revenue of RM98.9 million, a decrease of 30% from the previous year’s corresponding amount of

RM142.7 million and profit before tax of RM16.4 million compared to RM66.7 million recorded in the previous corresponding period ended 31 December 2016.

The decrease in profit before tax mainly due to the provision for liquidated and ascertained damages on Jalan Kuching residential project amounting to RM8.3 million (2016: 3.5 million) during the financial period ended 31 December 2017 and the fair value gain on investment properties for current financial period was Nil compare to the previous corresponding period ended 31 December 2016 was RM58.1 million.

The revenue for the FY17 mainly contributed from the Boulevard Service Apartments @ Jalan Kuching, Kuala Lumpur of which the revenue and profit were recognised based on percentage of completion method and sales of remaining completed units of service apartment from The Istana, Melbourne project, shop office component at the Boulevard Business Park @ Jalan Kuching, Kuala Lumpur and Desa Mentari, Petaling Jaya.

There was an additional borrowing amounted RM61.0 million to facilitate settlement of new development land in Shah Alam (KGSAAS) and Group’s working capital purposes. However, in overall, the Group maintained a healthy gearing ratio.

Moving forward, if the need arises, the Company will look into various source of funds to keep the development on-going.



## Management Discussion & Analysis

### REVIEW OF OPERATIONS

#### Boulevard Business Park @ Jalan Kuching, Kuala Lumpur

The construction of the 345 units service apartments and 8 units of adjoining shop office has been completed and was handed over to purchasers during 3<sup>rd</sup> quarter of 2017. For the shopping complex, it is expected to offer unparalleled shopping, business opportunities, food and beverage and abundant entertainment to the shoppers and visitors from all walks of life.

As such, the management received many proposals to lease the space of supermarket and shopping mall. However, to date, no decision has been made yet as the management is still reviewing the proposals and will accept the best offer which will give the highest return.

On a separate note, the mall was originally designed to cater for a shopping mall but the management then reviewed and may have plans to convert the said mall to other purpose.

#### The View Residence, Shah Alam

Subsequent to the completion of Boulevard Business Park and Boulevard Service Apartment, the Group launched this project in the 3<sup>rd</sup> quarter of 2017. This project is located at Seksyen 13, Shah Alam, adjacent to the Kelab Golf Sultan Abdul Aziz Shah and measuring approximately 5.25 acres. It comprises three blocks of 15 storey apartments and 5 units of shops and will be supported by approximately 819 parking bays.

The layout for The View Residence complements mid-sized family's lifestyle and accommodates gatherings of friends and family with comfort and poise.

Strategic location and innovative integrated lifestyle development concept will provide value in terms of accumulative yield and capital appreciation.



## Management Discussion & Analysis



Magna Ecocity, Shah Alam

### **Magna Ecocity Shah Alam, Selangor**

The land under the proposed project is located at Seksyen 15, Shah Alam and will be spread over approximately 20 acres. This parcel of land is held under Magna Ecocity Sdn Bhd, a subsidiary of Magna Prima Berhad. The Management is currently reviewing several viable development options as plans are subjected to more in-depth consultation by various parties to ensure maximum return on investment as well as meeting the market's requirements of new developments. However, we target to launch this project by year 2019.

On a separate note, should there be a need arises, the Management will consider joint venture arrangement for this project in order to support the Group's growth.

We intend to access to greater resources, including specialized staff, technology and finance to bring this project to success.

### **Jalan Ampang Land**

In view of the high capital investment to commit mega and high end projects, namely, Jalan Ampang Land, the Management will review the original design development by increasing plot ratio and change of marketing strategy to meet the market demand.

As this parcel of land is located in the prime area of Kuala Lumpur City Center, there are many development options for the Management to consider. Before we commence development for this project, we want to work towards achieving good returns to be in line with the shareholders' interest.

We are reviewing the Group's capacities to meet its obligation upon commencement of the development and as at todate there are still many variables for the management to consider.

### **Proposed Jalan Gasing Development, Petaling Jaya**

Since last year, there is not much development on this project as the Group is still working closely with Majlis Bandaraya Petaling Jaya on the rezoning of this 6.95 acres parcel of land with the aim of changing the classification from residential to commercial. With this development, a new enjoyable and convenience experience will be established to meet the needs of the existing community.



## Management Discussion & Analysis

### OPERATING ENVIRONMENT

#### Opportunity and Risk

In view of the subdued environment, the purchasing power for the projects are lowered and this has indirectly caused its progress for the development being delayed.

Some of the purchasers have difficulties to obtain loans from banks which will come with a higher interest rate to facilitate their purchase of properties.

In order to mitigate this risk, the management will review the overall design of the on-going and future projects to meet the current market needs and demand.

Moving forward, the management decided to focus more on property development segment. As such, it was decided to stream down the construction line and in future, if necessary, new projects will be awarded to 3<sup>rd</sup> party for construction works.

The Management is working very closely with professional consultant team to control the construction cost attempting to bring good returns to the shareholders. However, we are sure that we do not compromise on the quality of our product.

The management of the Group is headed by young and experience top management team which drive the Group aggressively forward and bringing the Group to greater heights. We look forward for opportunities to venture into more challenging development in the future.

One Sierra, Selayang





# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Magna Prima Berhad ("Magna Prima" or "the Company") recognises that the practice of good corporate governance is a fundamental element in the Group's continued growth and success. The Board remains fully committed to ensuring that the highest standards of corporate governance, based on the Principles and Best Practices set out in the Malaysian Code on Corporate Governance 2017 ("Code") are applied and maintained throughout the Group with the ultimate objective of safeguarding and enhancing shareholder value as well as the financial performance of the Group.

The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference to assist the Board in the execution of its duties and responsibilities.

The Board Committees include the Executive Committee, Audit Committee, Employees' Share Option Scheme Committee, Nomination Committee, Remuneration Committee and Tender Committee. The respective Committees report to the Board on matters considered and their recommendation thereon.

The ultimate responsibility for the final decision on all matters, however, lies with the Board.

In discharging its duties, the Board is constantly mindful of the need to safeguard the interests of the Group's shareholders, customers, and all other stakeholders.

The Board confirms that the Group has complied with the best practices in the Code throughout the financial year ended 31 December 2017.

## BOARD OF DIRECTORS

### The Board

The Group is led and controlled by an experienced Board, comprising members from diverse professional background, having expertise and experience, skills and knowledge in fields such as technical, financial, corporate, legal and management skills.

The Board is primarily responsible for the Group's overall strategic plans for business performance, appraisal of major business proposals, overseeing the proper conduct of business, succession planning, risk management, investor relations programmes, internal control and management information systems. The Board approves key matters such as approval of annual and quarterly results, acquisitions and disposals, capital expenditures, budgets, material contracts and business engagements.

The Board acknowledges the importance of readiness of talent pool for succession planning.

The succession plan was approved by the Board to ensure smooth transition of management and continued success of the Group whenever there is a necessary change in management.

The Board ensures that the Group is managed with integrity, transparency and accountability; while the Management is accountable for the execution of the expressed policies and attainment of the Group corporate objectives.

The Independent Non-Executive Directors bring independent judgment and provide constructive views on issues of strategy, business performance, resources and standards of conduct.

Notwithstanding that the Board Committees are delegated with certain responsibilities, the Chairman of the Board committees report to the Board and minutes of committee meetings are tabled to the Board to keep the Board apprised of matters being considered and deliberated by the respective committee.

## Corporate Governance Overview Statement

### BOARD OF DIRECTORS (CONTINUED)

#### The Board (continued)

The composition of the Board and Board Committees are as follows:

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Tan Sri Datuk Adzmi bin Abdul Wahab	√ (chairman)	√	√	√ (chairman)
Datuk Seri Rahadian Mahmud bin Mohammad Khalil	√			
Sazali bin Saad	√	√	√	√
# Cheong Choi Yoon	√	√ (chairman)	√ (chairman)	√
Chang Chee Kok	√			
Ho Wen Yan	√			
* Low Yew Shen	√	√	√	√

\* Appointed as Independent Non-Executive Director on 21 February 2018. Also appointed as member of Audit Committee, Nomination Committee and Remuneration Committee on 6 April 2018.

# Resigned as Independent Non-Executive Director on 6 April 2018.

The composition of the Board reflects that half (1/2) of its members are independent.

The roles of the Independent Non-Executive Directors, Non-Independent Non-Executive Director, the Chairman, the Group Managing Director ("GMD") and Executive Director ("ED") are distinct and separate to ensure there is a balance of power and authority.

The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board.

The GMD together with the ED are responsible for day-to-day operation and management of the business and implementation of the Board's policies and decisions. The GMD will ensure the strategic goals are duly executed and operated effectively within the Group. The GMD will explain, clarify and inform the Board on key matters pertaining to the Group. All Directors are jointly responsible for determining the Group's strategic business direction.

All the four (4) Non-Executive Directors fulfill the criteria of independence as defined in the Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("MMLR"). The high proportion of Non-Executive Directors provide for effective checks and balances in the functioning of the Board and reflects the Company's commitment to uphold excellent corporate governance.

Tan Sri Datuk Adzmi bin Abdul Wahab and En. Sazali Bin Saad would have served the Board as Independent Non-Executive Director of the Company for more than nine (9) years by end of 2018.

The Board has recommended the two (2) Non-Executive Directors to continue to act as Independent Non- Executive Director based on the following justifications:-

- They have fulfilled the criteria under the definition of Independent Director as stated in the MMLR, and thus, they are able to provide a check and balance and bring an element of objectivity to the Board;
- They have vast experience in a diverse range of businesses and therefore would be able to provide a constructive opinion, they exercise independent judgement and have the ability to act in the best interest of the Company;

# Corporate Governance Overview Statement

## BOARD OF DIRECTORS (CONTINUED)

### The Board (continued)

- c. They have devoted sufficient time and attention to his professional obligations for informed and balanced decision making;
- d. They have continued to exercise his independence and due care during his tenure as an Independent Non-Executive Director of the Company and carried out their professional duties in the best interest of the Company and shareholders; and
- e. They have shown great integrity of independence and had not entered into any related party transaction with the Company.

In view of the above, the Board will seek shareholders' approval in the coming Annual General Meeting for the two (2) Non-Executive Directors to continue to act as Independent Non-Executive Director in Magna Prima Berhad.

The composition and size of the Board are being reviewed from time to time to ensure its appropriateness.

According to Practice 4.1 of the Code, at least half of the board comprises independent directors. The Board wishes to highlight that the present Chairman of the Board is an Independent Director and the Board complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities which requires at least two Directors or one-third of the Board of the Company, whichever is the higher, are Independent Directors.

## Board Charter

### 1. INTRODUCTION

In discharging its duties, the Board of Directors of MPB is constantly mindful of the need to safeguard the interests of the Group's shareholders, customers and all other stakeholders. In order to facilitate the effective discharge of its duties, Magna Prima Group has to ensure that it manages the business and affairs of the Company in conformity with the laws and regulations of the jurisdictions in which it operates.

The Directors of Magna Prima Berhad (MPB) regard Corporate Governance as vitally important to the success of MPB's business and are committed to apply the relevant principles to ensure that the following principles of good governance is practised in all of its business dealings in respect of its shareholders and relevant stakeholders:

To enable the Board of Directors to provide strategic guidance and effective oversight of management

To clarify the roles and responsibilities of Board members in order to facilitate the Board's accountability to the Company and its shareholders.

The Board is ultimately accountable and responsible for the performance and affairs of the Company. Thus, the Board is the focus point of the Company's Corporate Governance.

All Board members are expected to act in a professional manner, upholding the value of integrity with regard to their fiduciary duties and responsibilities.

This Board Charter shall constitute and form an integral part of each Director's duties and responsibilities.

### 2. OBJECTIVES

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.



# Corporate Governance Overview Statement

## BOARD OF DIRECTORS (CONTINUED)

### Board Charter (continued)

#### 3. COMPONENTS OF THE BOARD CHARTER

The three main components of the Board Charter are:-

- The Corporate Statement;
- The Directors' Duties; and
- The Board Committees.

##### I. The Corporate Statement

Corporate Statement defines the objectives of the Company and the services offered to our customers. The Corporate Statement is a pledge of quality solutions to suit our customers' expectations.

##### II. The Directors' Duties

The fiduciary duties imposed on the Directors as stipulated in Section 213 (1) of the Companies Act 2016 are to protect the interests of the Company and at the same time to advance the interest of its stakeholders.

##### III. The Board Committees

The Board of the Company has established six Committees of the Board which operate within its own specific terms of reference. The Board Committees undertakes in-depth deliberation of the issues at hand before tabling its recommendations thereon to the Board. The six (6) Board Committees are as follow:-

- Audit Committee ;
- Nomination Committee;
- Remuneration Committee;
- Employee Share Option Scheme (ESOS) Committee;
- Tender Committee; and
- Executive Committee (EXCO).

#### Re-appointment / Re-election of Directors

The Constitution of MPB provide that at every annual general meeting 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.

The Board Charter is reviewed periodically to ensure its reliability with the Board's objectives, current laws and practices.

The full Board Charter is available online at [www.magnaprima.com.my](http://www.magnaprima.com.my).

#### Code of conduct

The Company has formalized a code of conduct to actively promote and established a corporate culture which promotes ethical conduct that permeates through the Group. The code of conduct serves as a road map to help guide actions and behavior while working for and/or dealing with the Company to maintain high standards of business ethics and encourage performance with integrity.

Provisions covered include relationships between staff and management.

All employees are required to read, understand accept and abide by the terms of code of conduct.

The full Code of Conduct is available online at [www.magnaprima.com.my](http://www.magnaprima.com.my).

## Corporate Governance Overview Statement

### BOARD OF DIRECTORS (CONTINUED)

#### Whistleblowing Policy

The Board has established a Whistleblowing Policy. This will provide an avenue for the staff to raise concerns related to possible improprieties in matters of compliance and other malpractices in an appropriate manner and without fear of retaliation.

The Whistleblowing Policy is aimed at protecting integrity, transparency, impartiality and accountability where the Group conducts its business operations.

The Policy serves as an early warning system for the Group to remedy any wrongdoings before serious damage is caused.

"Whistleblowing" is defined as the deliberate, voluntary disclosure or reporting of an individual or organizational malpractice by any person, who has access to information on an actual, past or present or suspected improper conduct within the Group or organization based on his or her reasonable belief.

The person who reports the serious concerns of improper conduct is referred to as "Whistleblower."

The full "Whistleblowing policy" is available online at [www.magnaprima.com.my](http://www.magnaprima.com.my).

#### Sustainability Statement

The Board recognises the importance of sustainability and has taken reasonable steps to implement its practices in the Group's activities taking into account the environmental, economy and social aspects of the business operations.

Linking sustainability with everything we do is our way of ensuring that we are creating long term value for our shareholders and the communities that we serve.

To operate our business in a responsible and sustainable manner, we strive to implement global best practices in everything that we do.

Assessing our performance and reporting on our progress is critical to ensure that we are continually improving and we do so across a range of both financial and non-financial measures.

#### Economic

Magna Prima is dedicated to continuously improve the quality and sustainability of our business operations and building practices.

We invest in developing standards and benchmarks with the aim of creating sustainable value for our customers and shareholders through the delivery of quality products and services.

#### Environmental

The Group is always exploring opportunities to increase the use of sustainable building materials.

On-site, our Construction Division has successfully adopted the usage of MIVAN framework as part of our Group wide efforts to go green. This Aluminium formwork system is used for forming cast-in-place complete reinforced concrete structures that are high quality in standard. The resulting structure is extremely strong and highly accurate in its dimensions and tolerances. This framework in particular was choose because it is lightweight, thereby reducing our carbon footprint, reusable and therefore fully recyclable and has the added benefit of also reducing site rubbish.

The Group also adopted a "Reduce, Reuse, Recycle" policy by going 'green' in the office environment. The management is moving aggressively towards filing of documents electronically and only print documents when necessary. As far as possible, the staff is encouraged to recycle the office products to reduce wastage at all times.

In addition, the management encourage staff to turn off unnecessary lightning in the office during break time and ensure turning off computers before the staff leave office.

## Corporate Governance Overview Statement

### BOARD OF DIRECTORS (CONTINUED)

#### Our People

Provision of safe workplace for its employees is of utmost importance. The Group strives to achieve zero fatality in the workplace. The Group will also drive to enhance its performance through shared commitment involving all levels of its people and effective intervention programmes to mitigate risks associated with occupational safety and health.

Human rights continue to be an emerging aspect of importance for the Group. Further enhancement of the awareness and capability development across the Group will be pursued in Financial Year ("FY") 2018.

Employee engagements and development programmes will be continued into FY 2018 with enhanced focus on both 'innovations and sustainability'.

The material sustainability matters discussed in this report are the key sustainability aspects with information drawn from both internal and external sources.

The Group continues to adopt a balanced approach incorporating productivity improvements through both process and performance excellence while embarking on continuous improvement.

Going forward, the Group will continue to nurture sustainability in a way that creates and enhances value to the organisation and its stakeholders.

These efforts along with several other ongoing initiatives and most importantly, with the support of our employees, investors, customers, contractors and other stakeholders, the Group is confident it will continue to achieve greater heights in sustainability.

#### Board Meetings

The Board meets at least once every quarter and additional meetings are convened as and when necessary. Meetings are scheduled at the start of each financial year to enable Board members to plan their schedules accordingly. Senior Management is invited to attend the Board meetings as and when necessary to brief the Board on proposals submitted for the Board's consideration. All proceedings of the Board Meetings are duly minuted and signed by the Chairman of the Meeting. Any director who has a direct or indirect interest in the subject matter to be discussed during Board meetings will declare his or her interest and abstain from the decision making process. The Board met a total of five (5) times during the year ended 31 December 2017.

The details of each Director's attendance are given below:

	Total meetings attended	%
Tan Sri Datuk Adzmi bin Abdul Wahab	5/5	100.00
Datuk Seri Rahadian Mahmud bin Mohammad Khalil	4/5	80.00
Sazali bin Saad	5/5	100.00
* Cheong Choi Yoon	3/5	60.00
Chang Chee Kok	5/5	100.00
Ho Wen Yan	4/5	80.00
** Low Yew Shen	Not Applicable	Not Applicable

\*\* Appointed as Independent Non-Executive Director on 21 February 2018

\* Resigned as Independent Non-Executive Director on 6 April 2018.

All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated by the Main Market Listing Requirements of Bursa Securities.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board meetings.

The Directors must advise the Board and the Company Secretary of his appointment as director in other public listed company outside the Group. The Company Secretary will monitor the number of directorships and the changes, if any, of each Director.

In compliance with Paragraph 15.06 of the MMLR, the Directors of the Company hold not more than 5 directorships in public listed companies. This enables them to discharge their duties effectively by ensuring that their commitment, resources and time are more focused.

The Non-Executive Directors are participative and work between meetings in order to get to know the business, understand the issues and build relationships with Management and shareholders.



## Corporate Governance Overview Statement

### BOARD OF DIRECTORS (CONTINUED)

#### Supply of Information

The Directors have full and unrestricted access to all information pertaining to the Group's business and affairs including inter alia, financial results, annual budgets, business reviews against business plans and progress reports on the Group's developments and business strategies, to enable them to discharge their duties effectively. The agenda and board papers are circulated to the Board members prior to the Board meetings to allow sufficient time for the Directors to review, consider and deliberate knowledgeably on the issues and, where necessary, to obtain further information and explanations to facilitate informed decision making.

In addition there is a schedule of matters reserved specifically for the Board's decision which includes the approval of budgets, material acquisitions and disposals of assets, major capital projects, financial results, dividend recommendations and Board appointments.

The Board Report contains relevant information on the business of the meeting, which may include among others: -

- Performance of the Group
- Operational matters
- Business development issues and market responses
- Capital expenditure proposals
- Acquisitions and disposals proposals
- Appointment of senior executives
- Dividend recommendations

Senior Management Officers and external advisers may be invited to attend Board Meetings when necessary, to furnish the Board with explanations and comments on the relevant agenda items tabled at the Board Meetings or to provide clarification on issue(s) that may be raised by any Director.

The Chairman of the Audit Committee would brief the Board on matters deliberated by the Audit Committee which require the attention of the Board.

The Directors have full and timely access to all information within the Company, whether as a full Board or in their individual capacity, in the furtherance of their duties.

In addition, the Board has ready and unrestricted access to all information within the Company and Group as well as the advice and services of Senior Management and Company Secretary in carrying out their duties.

The Board of Directors is supported by a qualified and competent Company Secretary.

The Company Secretary has been in attendance for all board and committee meetings. The Company Secretary attends seminars and workshops organised by MAICSA and Bursa Malaysia from time to time to keep abreast with the latest development in the Bursa Listing Requirements and Companies Act 2016.

The Company Secretary is responsible for ensuring that Board Meeting procedures are followed and that applicable rules and regulations are complied with. The Company Secretary will always support the Board by ensuring adherence to Board policies and procedures. The Directors may also seek independent professional advice, at the Company's expense, if required.

#### Directors' Training

All Directors had attended the Directors' Mandatory Accreditation Programme organised by the Bursa Securities except for Mr Low Yew Shen, the newly appointed Independent Non-Executive Director for Magna Prima who came on board on 21 February 2018. Bursa Securities has granted extension of time for Mr Low to complete the Mandatory Accreditation Programme by 6 July 2018.

All Directors are encouraged to attend talks, training programmes and seminars to update themselves on new developments in the business environment during the year ended 31 December 2017. A half-day in-house Directors' training was held on 12 December 2017 on the topic "2017 Corporate Governance".

The training programmes, seminars and workshops attended by the Directors and Senior Management during the financial year were, inter alia, on areas relating to corporate governance, and to further broaden their perspective, skills, knowledge and to keep abreast of the relevant changes in law, regulations and the business environment.

## Corporate Governance Overview Statement

### BOARD OF DIRECTORS (CONTINUED)

#### Directors' Training (continued)

The corporate secretariat function facilitates the organization of Directors' attendance at external programmes while keeping a record of the training received or attended by the Directors.

During the financial year 2017, the Directors attended various training programmes covering areas relevant to their duties and responsibilities, which included the following:-

Name of Directors	Course Title	Organiser	Date
Tan Sri Datuk Adzmi bin Abdul Wahab	• Global Capital Markets Entering a New Era	Malaysian Institute of Accountants	18 July 2017
	• 2017 Corporate Governance	Epsilon Advisory Services Sdn Bhd.	12 December 2017
	• An Overview on the Malaysian Code on Corporate Governance 2017	Cospec Management Services Sdn Bhd	13 December 2017
	• New Companies Act 2016	EBSI Knowledge Management Sdn Bhd	28 February 2017
Datuk Seri Rahadian Mahmud bin Mohammad Khalil	• 2017 Corporate Governance	Epsilon Advisory Services Sdn Bhd.	12 December 2017
Cheong Choi Yoon	• AMLATFPUAA 2001: Risk, Challenges & Vulnerabilities Towards Risk Based Approach	Maybank Investment Bank Berhad	11 November 2017
	• SC Conversation with Audit Committees of public listed companies ("PLCs")	Securities Commission	14 November 2017
	• Sun Tzu's Art of War for Traders and Investors Series: Effective Corporate Strategy in Current Environment	CHK Consultancy Sdn Bhd	16 November 2017
	• 2017 Corporate Governance	Epsilon Advisory Services Sdn Bhd.	12 December 2017
Chang Chee Kok	• 2017 Corporate Governance	Epsilon Advisory Services Sdn Bhd.	12 December 2017
Sazali bin Saad	• Companies Act, 2016 - Changes and Impact	Tunku Puteri Intan Safinaz School of Accountancy (TISSA-UUM)	18 April 2017
	• Out With the Old, In With the New Introducing the New Companies Act, 2016	Tunku Puteri Intan Safinaz School of Accountancy (TISSA-UUM)	25 July 2017
	• Kursus Keusahawanan Digital of Trainers MDEC	UUM COB with MDEC	20 August 2017 - 26 August 2017
	• Effective Internal Audit Function for Audit Committee (AC)	The Institute of Internal Auditors Malaysia and Bursa Malaysia	20 October 2017
	• 2017 Corporate Governance	Epsilon Advisory Services Sdn Bhd.	12 December 2017
Ho Wen Yan	• 2017 Corporate Governance	Epsilon Advisory Services Sdn Bhd.	12 December 2017
	• CEO Group	Vistage Malaysia Sdn Bhd	Monthly
	• Corporate Governance Briefing Sessions - MSSG Reporting & CG Guide	Bursa Malaysia Berhad	3 January 2017

## Corporate Governance Overview Statement

### BOARD OF DIRECTORS (CONTINUED)

#### Directors' Training (continued)

Updates on companies and securities legislations, and other relevant rules and regulations, such as amendments and updates to the Listing Requirements of the Bursa Securities, Malaysian Code on Corporate Governance, Capital Markets & Services Act, 2007, was provided to the Board, together with the Board papers, in order to acquaint them with the latest developments in these areas.

The Directors will continue to undertake other relevant programmes to further enhance their skills and knowledge.

#### Appointment and Re-election to the Board

The Nomination and Remuneration Committees are responsible for making recommendations for the appointment of Directors to the Board, including those of subsidiaries companies. In making these recommendations, the Nomination and Remuneration Committee considered the required mix of skills and experience, which the Directors brought to the Board.

In accordance with the Company's Articles of Association, at least one-third of the Directors are required to retire by rotation at each Annual General Meeting but are eligible to offer themselves for re-election at the Annual General Meeting. The Directors shall also retire from office at least once in three years but shall be eligible for re-election.

### THE AUDIT COMMITTEE

The Board is also assisted by the Audit Committee whose members, key function and activities for the year under review are stated in pages 27 to 29 of the Annual Report.

### THE NOMINATION COMMITTEE

The Board has established a Nomination Committee, which has the primary responsibility to assess the suitability of candidates for nomination to the Board and to recommend such appointments and evaluation of the performance of Directors. The objective is to ensure independent assessment of appointments to the Board. The Committee is also responsible for annual assessment of the skills mix and experience possessed by Board members to ensure effectiveness of the Board, the other committees of the Board and the contribution of individual Directors.

To further strengthen the current mix of the Board, Mr. Low Yew Shen was appointed to the Board of the Company. The new member of the Board, who is a lawyer by profession with vast legal experience is currently a partner of Elitaire Law LLP in Singapore. This will provide the Group with added wealth of knowledge and experience in its legal aspect.

Composition of Members:-

- a. Tan Sri Datuk Adzmi bin Abdul Wahab
- b. En. Sazali bin Saad
- c. Mr. Low Yew Shen

The Terms of Reference of Nomination Committee.

- a. Consider suitable persons and recommend for appointment as Board Members of Magna Prima and persons other than Magna Prima Board Members to be recommended as Directors of subsidiaries and associates companies.
- b. Review the performance of Board Members of Magna Prima and its subsidiary and associate companies.
- c. To identify suitably qualified candidates for appointment of directors from independent sources.
- d. Consider and recommend measures to upgrade the effectiveness of the Magna Prima Board and boards of subsidiary and associates companies.

## Corporate Governance Overview Statement

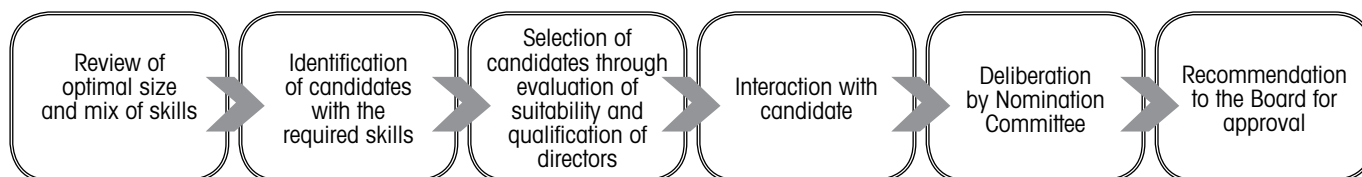
### THE NOMINATION COMMITTEE (CONTINUED)

- e. Consider and recommend solutions on issues of conflict of interest affecting directors of Magna Prima and subsidiary and associates companies.
- f. Recommend to the Board on selection of Directors and Senior Management (if so) to fill Board Committees.
- g. The Nominating Committee is chaired by an Independent Director.
- h. Consider and recommend to the Board on succession planning at Executive Director level and senior management.
- i. Carry out such other assignments as may be delegated by the Magna Prima Board.

The full Terms of Reference of Nomination Committee is available online at [www.magnaprima.com.my](http://www.magnaprima.com.my).

The Nomination Committee is guided by a Nomination Framework to ensure that individuals appointed to relevant Senior Management positions and the Boards within the Group have the appropriate fitness and propriety to properly discharge their prudential responsibilities on appointment and during the course of their appointment.

#### Nomination Framework



For the appointment of new Directors, a thorough and comprehensive assessment (including background, skills, knowledge and experience) of the nominee is undertaken by the Nomination Committee through a transparent nomination process before a recommendation is made to the Board for approval. These assessments are reviewed thereafter on an annual basis.

The Nomination Committee also conducted Performance evaluation via questionnaires for Board Committees and reviewed the term of office competency and performance of the Audit Committee and its members.

The Nomination Committee assessed the effectiveness of the Board Committee in terms of its composition, conduct, accountability and its responsibilities.

Pursuant to the annual review, that was carried out, Nomination Committee was satisfied that the size of the committee is optimum, well-balanced with appropriate mix of skills and experience in the composition of the Board Committees.

During the financial year ended 31 December 2017, the Nomination Committee reviewed the mix of skills, experience of the Board and to assess the effectiveness of the Board as a whole and the contribution of each individual Director.

In case of candidates proposed for appointment as Independent Non-Executive Directors, the nomination committee would also assess the candidate's independence in accordance with the Main Market Listing Requirements of Bursa Securities.

All recommendations of the Nomination Committee are subject to endorsement of the Board.

The Nomination Committee was generally satisfied with the performance and effectiveness of the Board and Board Committees.

The assessment of the Board was based on specific criteria, covering areas such as overall business performance, Board governance and Board composition.

The specific criteria for assessment of individual Directors cover expertise, judgment, commitment of time and effort in discharging duties and responsibilities.



## Corporate Governance Overview Statement

### THE NOMINATION COMMITTEE (CONTINUED)

#### Nomination Framework (continued)

The assessment of the effectiveness of the Board as a whole, the board committees and the contribution of each director were conducted with the objective to improve the Board and its committees effectiveness and to enhance the director's awareness on the key areas that need to be addressed. The evaluation results were tabled for the consideration of the Nomination Committee and its recommendation to the Board for improvement.

The independence of the Independent Directors were also assessed and affirmed by the Nomination Committee.

Currently, the appointment of directors are mainly recommended by management and major shareholders. Whenever there is an opportunity arises, the Board of Directors will look to independent sources for potential candidates.

#### Gender Diversity Policy

The Board is open and welcome to diversity in the boardroom when the opportunity arises. The Board is heterogenous and does not stereotype individuals. The Board always base individuals on their talents and the contribution they can bring to maximise the effectiveness of the Board in their decision making process to bring the Company to greater heights. As the Company grows in size and the need arises, the Board look forward to recruit such individuals into our Company moving forward.

The Nomination Committee has three (3) members comprising three (3) Independent Non-Executive Directors. During the financial year ended 31 December 2017, two (2) meetings were held.

### THE REMUNERATION COMMITTEE

The Remuneration Committee reviews and recommends to the Board the remuneration package of the Executive and Non-Executive Directors and Senior Management of the Group with designation General Manager (or equivalent) and above with the main aim of providing the level of remuneration sufficient to attract and retain key personnel needed to run the Group successfully.

The objective of the Company's policy on Directors' remuneration is to ensure that remuneration of directors are reflective of the Group's demands, complexities and performance as a whole, as well as being able to attract and retain Directors of the right calibre and talent to drive the Company's long-term objectives.

The Remuneration Committee has three (3) members comprising exclusively Independent Non-Executive Directors. During the financial year ended 31 December 2017, one (1) meeting was held.

The remuneration of the Executive Directors and the Senior Management of the Group with designation General Manager (or equivalent) and above are to be structured so as to link rewards to Group and individual performance with the main aim of providing the level of remuneration sufficient to attract and retain key personnel needed to run the Group successfully. For Non-Executive Directors, the level of fees shall reflect the experience, expertise and level of responsibilities undertaken.

All Non-Executive Directors are paid director's fees for serving as Directors on the Board. The Company also reimburses reasonable expenses incurred by these Directors in the course of their duties. They are paid a meeting allowance for attendance at each Board and its Committees' meetings. The Directors' fees are approved at the annual general meeting by shareholders.

Currently, the Executive Director's remuneration comprising basic salary and bonus which are reflective of the experience, expertise, level of responsibilities and performance. Benefits in kind such as company car are made available as appropriate.

## Corporate Governance Overview Statement

### THE REMUNERATION COMMITTEE (CONTINUED)

#### MAGNA PRIMA BERHAD

- Details of the Directors' remuneration for each Director during the financial year 2017 are as follows:-

Name	Salaries (RM)	Bonus (RM)	Director's Fees (RM)	Meeting Allowance (RM)	Estimated money value of benefits-in-kind (RM)
Datuk Seri Rahadian Mahmud bin Mohammad Khalil	600,000	50,000	N/A	N/A	54,000
Mr. Ho Wen Yan	2,802,164	N/A	N/A	N/A	N/A
Tan Sri Datuk Adzmi bin Abdul Wahab	N/A	N/A	84,000	8,000	12,000
En. Sazali bin Saad	N/A	N/A	48,000	8,000	N/A
Ms. Cheong Choi Yoon	N/A	N/A	66,000	5,000	N/A
Mr. Chang Chee Kok	N/A	N/A	48,000	6,000	N/A
<b>Total</b>	<b>3,402,164</b>	<b>50,000</b>	<b>246,000</b>	<b>27,000</b>	<b>66,000</b>

#### SUBSIDIARY COMPANIES

- Details of the Directors' remuneration for each Director during the financial year 2017 are as follows:-

Name	MPrima (Shah Alam) Sdn Bhd	Magna Mix Sdn Bhd	Embassy Court Sdn Bhd	Magna Park Sdn Bhd	Magna Prima Construction Sdn Bhd
Sahrom bin Abdul Latif	3,600	3,600	3,600	3,600	N/A
Muhammad Izzat Zulfeka bin Mohd Mokhlas	3,600	3,600	3,600	N/A	3,600
<b>Total</b>	<b>7,200</b>	<b>7,200</b>	<b>7,200</b>	<b>3,600</b>	<b>3,600</b>

Range of Remuneration	Number of Directors Executive	Number of Directors Non-Executive
Up to RM50,000	-	-
RM50,001 – RM100,000	-	3
RM100,000 – RM150,000	-	1
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	-
RM650,001 – RM700,000	-	-
RM700,001 – RM750,000	1	-
RM2,800,001 – RM2,850,000	1	-

## Corporate Governance Overview Statement

### REINFORCE INDEPENDENCE

#### *Annual Assessment of Independence.*

The Board acknowledges the importance of Independent Non-Executive Director ("INED"), who provide objectivity, impartiality and independent judgement to ensure that there is an adequate check and balance of the Board.

The independence of the INED are assessed annually by taking into account the directors' ability to exercise his independence and due care at all times and fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirement.

The INEDs ensure that business and investment proposals presented by management are fully deliberated and examined.

They perform a key role by providing unbiased and independent views, advice and judgement, which take into account the interests of the Group and all its stakeholders including shareholders, employees, customers and business associates as a whole.

#### *Tenure of Independent Director*

As recommended by the Code, it states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years.

Notwithstanding this, an Independent Director may continue to serve as a member of the Board beyond nine (9) years, if the Nomination Committee has concluded and the Board has concurred, after assessment carried out annually, that the services of the Independent Directors are still required by the Company and further that the Director concerned remains free of any business or other relationship with the Company which could reasonably be perceived to materially interfere with his/her exercise of unfettered and independent judgment, subject to shareholders approval being received for his/her re-election upon retirement by rotation or re-appointment.

The full Terms of Reference of Remuneration Committee is available online at [www.magnaprima.com.my](http://www.magnaprima.com.my).

### ESOS COMMITTEE

The ESOS Committee was established with delegated authority by the Board to administer the ESOS of the Group in accordance with the Scheme's by-laws and the exercise of any discretion under the by-laws with regards to the eligibility of employees to participate in the ESOS, share offers and share allocations and to attend to such other matters as may be required.

The ESOS Committee has two (2) members comprising of two (2) Executive Directors.

### RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of communication and proper dissemination of information to its shareholders and investors. Major corporate developments and happenings in the Company have always been promptly announced to all shareholders, in line with Bursa Securities' objective of ensuring transparency and good corporate governance practice.

The financial performance of the Group, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly performance, annual report and corporate announcements to Bursa Securities. During General Meetings, shareholders are encouraged to participate to enquire and comment on the Company's performance and operations and voting on the resolutions were done by way of poll.

During press conference which was usually held after general meetings where Group Managing Director and Executive Director would advise the media on the resolutions approved by the shareholders and briefed the media on the operations, performance and financial results of the Group for the year under review and clarify issues and answer questions posed by the media.

# Corporate Governance Overview Statement

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

In its financial reporting via quarterly announcements of results, annual financial statements and annual report presentations (including the Chairman's Statement and Review of Operations), the Board provides a comprehensive assessment of the Group's performance and prospects for the benefit of shareholders, investors and interested parties. The Audit Committee also assists the Board by scrutinizing the information to be disclosed, to ensure accuracy and adequacy.

Magna Prima announce its quarterly and full year results within the stipulated time frame. The financial statements are publicly released through BURSALINK on a timely basis to ensure effective distribution of information concerning to the Group.

### Internal Control

The Board has the overall responsibility of maintaining a system of internal control that provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal procedures and guidelines. The effectiveness of the system of internal control of the Group was reviewed periodically by the Audit Committee. The review covers the financial, operational as well as compliance controls.

### Directors' Responsibility in Financial Reporting

The Board is responsible for the preparation of the annual financial statements of the Group and to ensure that the financial statements give a true and fair view of the state of affairs of the Group and its result and cash flow for the financial year.

The Board of Directors has ensured that the financial statements have been prepared in accordance with applicable approved accounting standards in Malaysia, the requirements of the Companies Act 2016 and other regulatory provisions. In preparing the financial statements, the Board has ascertained that reasonable prudent judgment and estimates have been consistently applied and the accounting policies adopted have been complied with.

The Directors have a general responsibility of taking reasonable steps to safeguard the assets of the Group and to prevent and detect any irregularities.

### Relationship with Auditors

The Board via the Audit Committee maintains a formal and transparent professional relationship with the Group's auditors, both internal and external. The Audit Committee also met the external auditors twice in FY 2017 without the presence of the Management.

## ADDITIONAL COMPLIANCE INFORMATION

Pursuant to Paragraph 9.25 of the Main Market Listing Requirements of Bursa Securities.

### Audit Fees

The amount of audit fees paid to the Group's External Auditors, M/s. Morison Anuarul Azizan Chew, Chartered Accountants, for the financial year ended 31 December 2017 was RM228,511.00

### Non-Audit Fees

The amount of non-audit fees paid to the Group's External Auditors, M/s. Morison Anuarul Azizan Chew, Chartered Accountants, for the financial year ended 31 December 2017 was Nil.

### Material Contracts

There were no material contracts of the Company and its subsidiary companies which involve Directors' and major shareholders' interest, either still subsisting at the end of financial year ended 2017 or entered into since the end of the previous financial year.



# AUDIT COMMITTEE REPORT

The principal functions of this Committee are to assist the Board in the effective discharge of its fiduciary responsibilities in relation to corporate governance, ensure timely and accurate financial reporting as well as the development of internal controls.

## MEMBERS

The Committee is appointed by the Board from amongst its Directors and shall comprise of at least 3 Non-Executive Directors, with all of whom are Independent Directors.

Members of the Audit Committee during the financial year ended 31 December 2017 are as follows:

Members	Status
Cheong Choi Yoon (Chairman)	Independent Non-Executive Director (Resigned on 6 April 2018)
Tan Sri Datuk Adzmi bin Abdul Wahab	Independent Non-Executive Director
Sazali bin Saad	Independent Non-Executive Director
Low Yew Shen	Independent Non-Executive Director (Appointed on 21 February 2018)

## TERM OF REFERENCE

### 1. PURPOSE

The primary objective of the Committee is to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations.

### 2. AUTHORITY

The Committee is authorized by the Board to:-

- Investigate on any activity within its term of reference;
- Have full and unrestricted access to any information as deemed required to perform its duties;
- Obtain legal or other independent professional advices and appoint independent parties with related knowledge and expertise to assist the Committee, if necessary;
- Have direct communication with external auditors and person(s) performing the audit function or activity; and
- Convene meetings with external auditors, without the presence of any Executive Directors and employee of Company, whenever deemed necessary.

### 3. FREQUENCY OF MEETING

The Committee shall meet quarterly and as and when required, with authority to convene additional meetings as deemed necessary.

The Audit Committee held a total of five (5) meetings during the financial year. The meetings were appropriately structured through the use of agenda and meeting papers, which were distributed to members with sufficient notification.

The external and internal auditors are also invited to attend Audit Committee meetings to present their audit plan and audit findings, and to assist the Audit Committee in its review of the unaudited quarterly financial reports and year-end financial statements.

Members	Status	No. of meetings attended	%
* Cheong Choi Yoon (Chairman)	Independent Non-Executive Director	3/5	60.00
Tan Sri Datuk Adzmi bin Abdul Wahab	Independent Non-Executive Director	5/5	100.00
Sazali bin Saad	Independent Non-Executive Director	5/5	100.00

\* Ms. Cheong Choi Yoon has resigned from the Audit Committee on 6 April 2018.

# Audit Committee Report

## TERM OF REFERENCE (CONTINUED)

### 4. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are to:

- Review all financial information for publication, including quarterly and annual financial statements with external auditors prior to submission to the Board of Directors. The review shall focus on:
  - Changes in or implementation of major accounting policy changes;
  - Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
  - Compliance with accounting standards and other legal requirements
- Discuss with the external auditors, the nature, scope and approach of the audit of the financial statements.
- Discuss with the external auditor on areas of concern arising from the audit of the financial statements.
- Assess the adequacy and effectiveness of the accounting procedures and the internal control systems of the Company by reviewing management letters from external auditors.
- Discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss in the absence of Management, where necessary.
- Review the internal audit plan and processes, consider major findings of internal audit and recommend actions and steps to be taken by management in response to the findings.
- Review the relevance and adequacy of the scope, functions, competency and resources of internal audit and the necessary authority to carry out the function.
- Determine extent of cooperation and assistance given by the employees.
- Review related party transactions and conflict of interest situations that may arise within the Company.
- Consider the appointment of the external auditors, the terms of reference of their appointment and any questions on resignation and dismissal before recommendation to the Board.
- Undertake such other responsibilities as may be agreed to by the Committee and the Board.
- Report its activities, significant results and findings.
- Review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

### INTERNAL AUDIT FUNCTION

The Group has outsourced the Internal Audit function to a professional firm that reports directly to the Audit Committee. The outsourced professional firm review the internal control processes in the key activities of the Group's businesses by adopting a risk based internal audit approach. The Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal controls.

The activities of the Internal Audit during the financial year ended 31 December 2017 were as follows:

- Formulated the internal audit plan, strategy and scope of work.
- Evaluated and assessed the internal controls and efficiency of processes, and provided appropriate recommendations to management to address the issues highlighted in the internal audit reports.
- Ensuring compliance with the approved Standard Operating Procedures.

## Audit Committee Report

### INTERNAL AUDIT FUNCTION (CONTINUED)

- Sought management explanations and action plans on issues highlighted in the internal audit reports.
- Compiled, reviewed and updated the yearly Corporate Governance report and Statement of Internal Control of the Group.
- Conducted site visits to the project sites and provide appropriate recommendations.
- Reviewed the Audit Committee's Term of Reference to ensure consistency with the best practices as recommended in the Malaysia Code of Corporate Governance (MCGG) and Bursa Malaysia Listing Requirements.

### SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Audit Committee has carried out the following duties during the financial year under review in accordance with its terms of reference: -

#### 1. Financial Reporting

- Reviewed the quarterly financial results recommended them for approval by the Board after discussing with Management and the external auditors.
- Matters discussed include the accounting principles and standards that were applied and their judgment exercised on the items that may affect the financial results and statements to ensure the financial statements have been prepared in compliance with applicable Malaysian Financial Reporting Standards.

#### 2. External Auditors

- Reviewed and discussed with the external auditors the nature and scope of their audit before reporting the same to the Board.
- Reviewed the external auditors' audit report and the significant audit findings underlying their report. These were presented twice a year by the external auditors upon completion of the interim audit and upon completion of the final audit.
- Reviewed, assessed and monitored the performance, suitability and independence of the external auditors pursuant to the External Auditors Policy ("the Policy"). The Audit Committee undertook an annual assessment to assess the performance, suitability and independence of the external auditors based on, amongst others, the quality of service, sufficiency of resources, communication and interaction, as well as independence, objectivity and professional skepticism. The external auditors provide an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements.
- Evaluated the external auditors' independence and objectivity, as well as their ability to serve the Group in terms of technical competencies and manpower resource sufficiency.
- Following the review of the external auditors' effectiveness and independence, the Audit Committee is satisfied with the performance and the audit independence of the external auditors and it was recommended to the Board to propose to shareholders the reappointment of the external auditors at the Annual General Meeting of the Company.

#### 3. Internal Auditors

- Reviewed and sought management explanations and recommended actions on the quarterly and annual financial results and performance of the Company and the Group prior to submission to the Board for consideration and approval.
- Reviewed and sought Management explanation on the major issues as per the management letters from the external auditors.
- Reported to the Board on its activities and significant findings and results.
- Monitored the outcome of follow-up audits to ascertain the extent to which agreed action plans have been implemented by Management.

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors ("The Board") and management acknowledge the responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity. As such, the Board and management are committed to develop and improve on the current systems of internal control taking into consideration operational efficiency.

The Group has established procedures of internal control that takes into account the guidelines to Directors as set out in the "Statement on Risk Management & Internal Control – Guidelines for Directors" for the year under review.

These procedures, which are subject to regular review by the Board, provide an on-going process for identifying, evaluating and managing significant risks faced by the Group that may affect the achievement of its business objectives.

The board has received assurance from the Managing Director ("MD") that the Group's risk management and internal control system is operating adequately and effectively, in all material aspect based on the risk management and internal control system of the company.

## BOARD'S RESPONSIBILITY

The Board complies with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company and represents the needed mix of skills and experience required to discharge the Board's duties and responsibilities effectively. No individual Director or group of Directors can dominate the Board's decision making process. The composition and size of the Board are to be reviewed from time to time.

All of the Board members serve as directors in not more than five boards of listed companies, to ensure they devote sufficient time to carry out their responsibilities. The profiles of the members of the Board are set out in the Annual Report under the section named Profile of Directors.

The Board recognises the importance of sound internal control and risk management practices for good corporate governance. For the financial year under review, the Group had in place a system of internal control and had established an on-going process of reviewing, identifying, evaluating and managing significant risks faced by the Group.

The system of internal control and the process of risk management are reviewed regularly by the Board with the assistance of the Audit Committee, Internal Audit Department and all relevant personnel of the Group through a combination of key processes.

As there are limitations inherent in any systems of internal control, therefore, it shall be noted that the controls are designed to mitigate risks but not eliminating all the present and future risks. Furthermore, it shall also be noted that systems of internal control can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

## CLEAR FUNCTIONS RESERVED FOR THE BOARD AND THOSE DELEGATED TO MANAGEMENT

The Board recognises its key role in charting the strategic direction, development and control of the Group and has adopted the specific responsibilities that are listed in the Malaysian Code on Corporate Governance 2017 ("the Code"), which facilitates the discharge of the Board's stewardship responsibilities. In order to deliver both fiduciary and leadership functions, the Board, amongst others, assumes the following key responsibilities as per recommendations of the Code :-

- Setting the objectives, goals and strategic plan for the Company with a view to maximising shareholder value and promoting sustainability;
- Adopting and monitoring progress of the Company's strategy, budgets, plans and policies;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;



# Statement of Risk Management and Internal Control

## CLEAR FUNCTIONS RESERVED FOR THE BOARD AND THOSE DELEGATED TO MANAGEMENT (CONTINUED)

- To consider and approve reserved matters covering corporate policies, material investment and acquisition / disposal of assets;
- Identifying principal risks and ensure implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations program or shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Group Managing Director together with the Executive Director are responsible for day-to-day operation and management of business and making and implementing policies, operational and corporate decisions as well as developing, coordinating and implementing business and corporate strategies. The Non-Executive Directors play the key roles in contributing knowledge and experience towards the formulation of policies and in the decision-making process. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied. Where a potential conflict of interest may arise, it is mandatory practice for the Director concerned to declare his interest and abstain from the decision-making process.

## CONTROL ENVIRONMENT AND STRUCTURE

The Board recognises that in order to achieve a sound system of internal control, a conducive control environment must be established. The Board is fully committed to the maintenance of such a control environment within the Group and in discharging their responsibilities, enhanced the following key system of internal control within the Group to govern the manner in which the Group and its employees conduct themselves. The key elements of internal controls comprise the following:

- The Board meets regularly to monitor and review the overall performance of the Group, to consider the findings and recommendations of committees and to consider the approved measures to be taken and changes in policies and procedures necessary to address risks and to enhance the system of internal control.
- Audit Committee comprises entirely of non-executive directors, and who hold regular meetings throughout the financial year. Audit Committee members are briefed and updated on the matters of corporate governance practice and legal and regulatory matters. The current composition of members, with at least one who is a member of an accounting association or body, brings with them a wide variety of experience from different fields and background. They have full and unimpeded access to both the internal as well as external auditors during the financial year. They also meet with the external auditors without the presence of the Management at least twice a year.
- Outsourced Internal Auditors continue to independently assure the Board, through the Audit Committee, that the internal control system functions as intended. Their work practice as governed by their audit plan is derived on a risk based approach and internal audit findings are highlighted to the Audit Committee. Their annual audit plans are presented and approved by the Audit Committee annually before the commencement of the following financial year and updates are given as and when there are any changes.
- Financial and Operational Information continues to be prepared and presented to the Board. A detailed budget is prepared and presented to the Board before the commencement of a new financial year. Upon approval of the budget, the Group's performance is then tracked and measured against the approved budget on quarterly basis. All major variances and critical operational issues are followed up with action thereon. On a quarterly basis, the results are reviewed by the Audit Committee and the Board to enable them to gauge the Group's overall performance compared to the approved budgets.
- The Limit of Authority determines the respective levels of authority which are delegated to staff of the respective levels to enable control of the Group's commitment of both capital and operational expenditure. The authority limits are subject to periodic review throughout the financial year as to their implementation and for the continuing suitability.

# Statement of Risk Management and Internal Control

## CONTROL ENVIRONMENT AND STRUCTURE (CONTINUED)

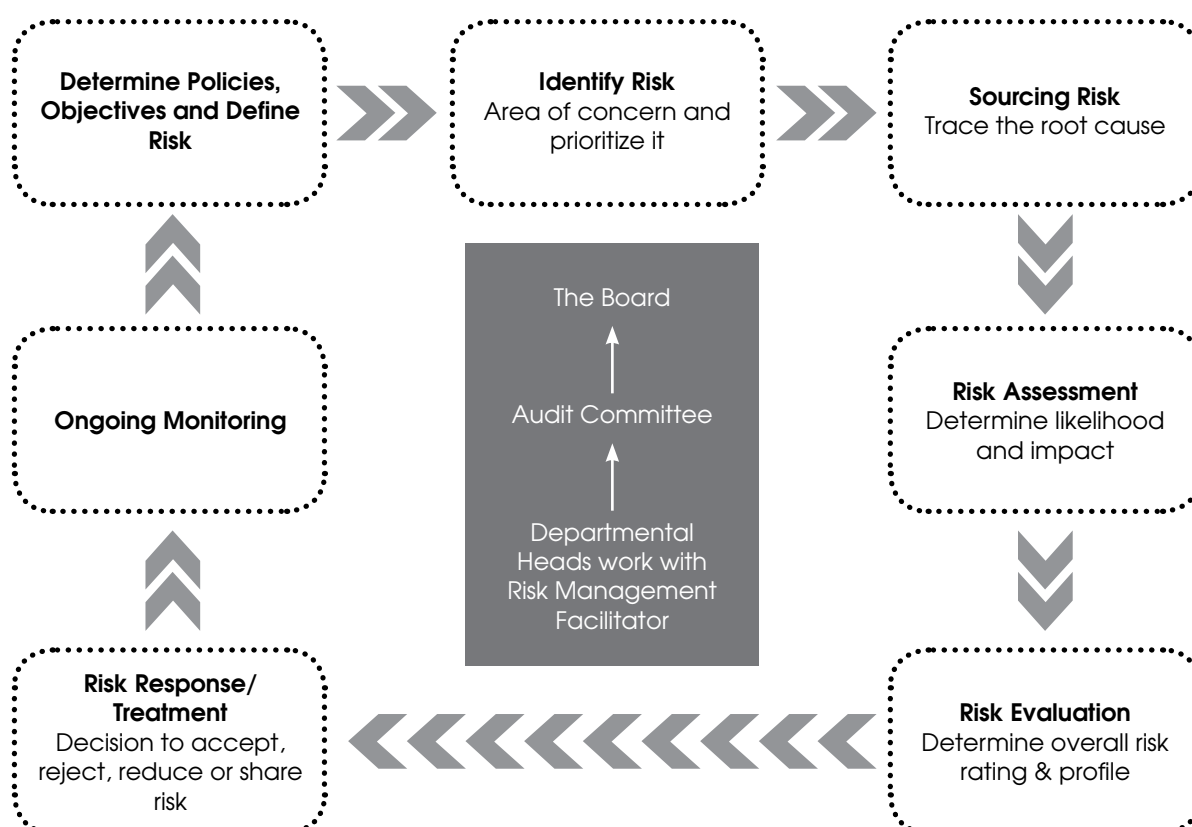
- Policies and Procedures for key business processes are formalized and documented for each significant operating unit.
- Tender Committee functions to ensure transparency in the award of contracts.

## RISK MANAGEMENT

The Audit Committee and the Management, with the assistance from the outsourced professional firm, have established the necessary Risk Management processes, guided by the recognized risk management standards, to ensure critical risk are proactively identified, evaluated, communicated, monitored and managed across the Company. The key aspects of the Risk Management are:-

- All Head of Departments are responsible to continuously ensure effective and efficient Risk Management throughout the Company;
- Risk assessment reviews, which is facilitated by an outsourced professional firm, are performed annually to identify any potential risk, from the perspective of laws and regulations, corporate governance, operations, financial, customers, product and services, suppliers, human capital, and etc.;
- Key risks identified during the risk assessment together with the existing controls to manage it are documented in the Risk Register as part of the Risk Management Report. Risk response, if any, are to be discussed by the respective Head of Departments and documented in the Risk Register;
- The significant risk issues documented in the Risk Management Report are discussed and highlighted at the Audit Committee meetings. The Audit Committee reviews the Group's risk profile and effectiveness of the mitigating measures implemented by the management as documented in the Risk Management Report. Significant risk matters that require the attention of the Directors are escalated to the Board;

Figure 1: Risk management Processes



# Statement of Risk Management and Internal Control

## INTERNAL AUDIT AND INTERNAL CONTROL

The outsourced professional firm reviews the internal control processes in the key activities of the Group's business by adopting a risk based internal audit approach and reports directly to the Audit Committee. The internal audit findings together with recommendations for Management responses are presented to the Audit Committee where it then reports to the Board of Directors by the Audit Committee on a quarterly basis.

The outsourced professional firm prepares an Annual Audit Plan and presented it to the Audit Committee for their approval. The scope of work encompasses review of strategic plan, operational and financial activities within the group. The outsourced professional firm has successfully completed the planned audit for the year and will closely monitor the implementation progress of its audit recommendations in order to ensure that all major risks and control concerns have been duly addressed by the Management. The internal audit report together with the recommended action and their implementation status are presented to the Board and Audit Committee.

The Board acknowledges its responsibility for maintaining a sound internal control system, which provides reasonable assurance in ensuring the effectiveness and efficiency of operations and the safeguard of assets and interest in compliance with laws and regulations as well as with internal financial administration procedures and guidelines.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The Audit Committee has assessed the suitability of the External Auditors and has obtained written assurance from the External Auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the annual report for the financial year ended 31 December 2017.

The external auditors have reported to the Board that nothing had come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes the Board has adopted in the review of the adequacy and integrity of the risk management and internal control functions of the Group.

## CONCLUSION

The system of internal control and risk management described in this Statement is considered by the Board to be adequate and risks are considered by the Board to be at an acceptable level within the context of the business environment throughout the Group's business. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and thus they can only provide reasonable assurance and not absolute assurance against material misstatement. Nevertheless, the systems of internal control and risk management that exist throughout the financial year under review provide a level of confidence on which the Board relies for assurance.

For the financial year under review, the Board is satisfied with the adequacy and integrity of the Group's system of internal control and that no material losses, contingencies or uncertainties have arisen from any inadequate or failure of the Group's system of internal control that would require separate disclosure in the Group's Annual Report.

At a meeting held on 4 April 2018, the Board obtained assurance from Group Managing Director ("MD") that the Group's risk management and internal controls systems are operating adequately and effectively in all material respects.

This Statement is made in accordance with the resolution of the Board dated 4 April 2018.

# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

The Directors have pleasure in submitting 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 activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiary companies are stated in Note 4 to the financial statements.

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

### Financial Results

	Group RM	Company RM
Profit for the financial year attributable to:		
- Owners of the Company	10,680,588	7,362,099
- Non-controlling interests	(1,622,799)	-
	9,057,789	7,362,099

### Dividends

The dividends on ordinary shares paid or declared by the Company since the end of the previous financial year were as follows:

	RM
Single-tier dividend of 3.0 sen per ordinary share, in respect of the financial year ended 31 December 2015, paid on 27 January 2017	9,918,133

### 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.

### Issue of Shares and Debentures

During the financial year, the issued and paid-up share capital of the Company was increased from 332,889,940 ordinary shares to 334,912,640 ordinary shares by way of the issuance of 2,022,700 new ordinary shares for cash pursuant to the exercise of warrant at an exercise price of RM0.90 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

There were no issuances of debentures by the Company during the financial year.

### Options Granted Over Unissued Shares

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

### Treasury Shares

In the previous financial year, the Company repurchased 2,200,300 of its ordinary shares from the open market on Bursa Malaysia for RM2,308,543. The average price of the shares repurchased was approximately RM1.049 per share.

Details of the treasury shares are set out in Note 19 to the financial statements.

## Directors' Report

### Warrants 2015/2020

On 2 September 2015, the Company allotted 166,444,970 bonus Warrants 2015/2020 on the basis of 1 Warrant for every 2 existing ordinary shares of RM0.25 each held in the Company. The Warrant 2015/2020 were listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 10 September 2015.

Each Warrant 2015/2020 entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 10 September 2015 till 4 September 2020, at an exercise price of RM0.90. Any Warrant 2015/2020 not exercised at the date of maturity will lapse and cease to be valid for any purpose. As at 31 December 2017, 164,422,270 (2016: 166,444,970) Warrant 2015/2020 remain unexercised.

The ordinary shares issued from the exercise of Warrants 2015/2020 shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, distributions or rights, if the entitlement date is prior to the date of the allotment of the new shares arising from the exercise of Warrants 2015/2020.

### Directors

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

Tan Sri Datuk Adzmi bin Abdul Wahab  
Datuk Seri Rahadian Mahmud Bin Mohammad Khalil  
Cheong Choi Yoon  
Sazali bin Saad  
Chang Chee Kok  
Ho Wen Yan  
Low Yew Shen

(Appointed on 21 February 2018)

### Directors' Interests in Shares or Debentures

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	As at 1.1.2017	No. of ordinary shares		As at 31.12.2017
		Bought	Sold	
<b>Interest in the Company, Magna Prima Berhad:</b>				
<u>Direct interest</u>				
Datuk Seri Rahadian Mahmud bin Mohammad Khalil	21,400,000	-	-	21,400,000
<u>Indirect interest</u>				
Ho Wen Yan *	-	102,889,940	-	102,889,940
	As at 1.1.2017	No. of ordinary shares		As at 31.12.2017
		Bought	Sold	
<b>Interest in a subsidiary company, Pavilion Uptrend Sdn. Bhd.</b>				
<u>Direct interest</u>				
Datuk Seri Rahadian Mahmud bin Mohammad Khalil	60,000	-	-	60,000
	As at 1.1.2017	No. of Warrants 2015/2020		As at 31.12.2017
		Bought	Sold	
<b>Magna Prima Berhad</b>				
Datuk Seri Rahadian Mahmud bin Mohammad Khalil	10,700,000	-	-	10,700,000

\* Deemed interested by virtue of his interest in Prisma Pelangi Sdn. Bhd.

## Directors' Report

### Directors' Interests in Shares or Debentures (continued)

Deemed interested by virtue of his interests in the shares of the Company, Datuk Seri Rahadian Mahmud bin Mohammad Khalil and Ho Wen Yan are also deemed to have interests in the shares of all its subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, according to the register of Directors' shareholdings, the other Directors in office at the end of the financial year did not hold any interest in shares or debentures in the Company or its subsidiaries on its holding company or subsidiaries of the holding company 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 Directors as shown in 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 he is a member, or with a company in which he has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### Directors' Remuneration

Details of Directors' remuneration are disclosed in Note 28 to the financial statements.

### Subsidiary Companies

Details of the subsidiary companies are disclosed in Note 4 to the financial statements.

### Auditors' Remuneration

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

### Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
  - (iv) any amount stated in the financial statements of the Group and of the Company misleading.

## Directors' Report

### Other Statutory Information (continued)

- (c) No contingent or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations when they fall due.
- (d) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (e) 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) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

### Auditors

The auditors, Messrs. Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

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

**DATUK SERI RAHADIAN MAHMUD BIN MOHAMMAD KHALIL**

**HO WEN YAN**

KUALA LUMPUR  
4 April 2018



## STATEMENT BY DIRECTORS

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

We, DATUK SERI RAHADIAN MAHMUD BIN MOHAMMAD KHALIL and HO WEN YAN, being two of the Directors of MAGNA PRIMA BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 43 to 90 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 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.

**DATUK SERI RAHADIAN MAHMUD BIN MOHAMMAD KHALIL**

**HO WEN YAN**

KUALA LUMPUR  
4 April 2018

## STATUTORY DECLARATION

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

I, CHOW PAK YEE, being the Officer primarily responsible for the financial management of MAGNA PRIMA BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 43 to 90 are to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by the )  
abovenamed CHOW PAK YEE )  
at KUALA LUMPUR )  
on this date of 4 April 2018 )

**CHOW PAK YEE**

Before me,

**COMMISSIONER FOR OATHS**

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAGNA PRIMA BERHAD (Company No: 369519-P)(Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Magna Prima Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 to 90.

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 year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of investment properties</b>  <i>Refer to Note 2.3(ii), Note 2.7 and Note 5 of the financial statements</i></p> <p>The Group owns a portfolio of investment properties comprising a shopping mall, freehold land and leasehold land. Investment properties represent the single largest category of assets on statement of financial position, amounting to RM533,119,000 as at 31 December 2017.</p> <p>The Group adopts the fair value model for its investment properties.</p> <p>The Group had engaged an external valuer to determine the fair value of the investment properties at the reporting date.</p> <p>The valuation of investment properties is significant to our audit due to their magnitude, complex valuation method and high dependency on a range of estimates which are based on current and future market or economic conditions.</p>	<p>We assessed the appropriateness of the independent professional valuer's scope of work and evaluated whether they had sufficient expertise, capabilities and objectivity to competently perform the valuation of the Group's investment properties.</p> <p>In addition, we obtained the valuation report and evaluated the valuation methodology, data relating to comparisons of the recent transactions involving similar assets and estimates used by the independent professional valuer.</p>

# Independent Auditors' Report

TO THE MEMBERS OF MAGNA PRIMA BERHAD (Company No: 369519-P)(Incorporated in Malaysia)

## Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Provision for liquidated and ascertained damages</b>  <i>Refer to Note 2.3(iv), Note 2.16 and Note 16 to the financial statements</i></p> <p>During the current and prior financial years, the Group had completed and handed over properties to its purchasers which may be subjected to liquidated and ascertained damages ("LAD"), due to late delivery of these properties to purchasers pursuant to sales and purchase agreements ("SPA") signed with them.</p> <p>We focused on this area because of the significance of the delay in the projects recently handed over by the Group and the underlying data used to estimate these provisions.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>discussed with management to understand the basis for recognising liquidated and ascertained damages for projects with delayed handover;</li> <li>tested the reliability of the data used to compute the provisions, such as SPA due date, completion date and entitlement of the purchasers;</li> <li>performed a re-computation and compared against the provision made by the management; and</li> <li>verified the evidence of acceptance by purchasers of the work performed by management and payment made.</li> </ul>

## 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 Directors' Report and Statement of Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and Annual Report, which are expected to be made available to us after that date.

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

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

## 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.

# Independent Auditors' Report

TO THE MEMBERS OF MAGNA PRIMA BERHAD (Company No: 369519-P)(Incorporated in Malaysia)

## Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 4 to the financial statements.

## 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 any responsibility to any other person for the content of this report.

**MORISON ANUARUL AZIZAN CHEW**

Firm Number: AF 001977

Chartered Accountants

KUALA LUMPUR

4 April 2018

**SATHIEA SEELEAN A/L MANICKAM**

Approved Number: 1729/05/18 (J/PH)

Chartered Accountant



# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		← 31.12.2017 →	Group 31.12.2016	1.1.2016
	Note	RM	RM Restated	RM Restated
<b>Non-Current Assets</b>				
Property, plant and equipment	3	895,146	1,501,112	961,494
Investment properties	5	533,119,000	533,119,000	425,537,880
Land held for property development	6	65,099,670	65,036,604	65,024,521
Deferred tax assets	7	13,391,810	17,873,105	6,113,042
Trade receivables	8	3,496,876	-	-
		616,002,502	617,529,821	497,636,937
<b>Current Assets</b>				
Inventories	9	295,587,230	304,368,498	338,236,313
Contract assets	10	4,902,166	16,045,624	20,768,068
Trade receivables	8	24,553,548	29,687,142	31,649,041
Other receivables	11	9,284,089	17,551,893	17,175,920
Tax recoverable		3,651,960	2,991,935	2,164,456
Cash held under Housing Development Accounts	13	4,669,768	4,193,463	4,049,838
Fixed deposits placed with licensed banks	14	4,458,572	15,930,317	78,253,070
Cash and bank balances		4,078,854	15,174,539	21,568,592
		351,186,187	405,943,411	513,865,298
<b>Current Liabilities</b>				
Trade payables	15	41,072,649	38,987,632	38,698,228
Other payables	16	52,556,533	73,116,314	55,817,713
Borrowings	17	96,889,336	92,353,677	77,295,858
Current tax liabilities		35,967,402	52,629,605	72,019,798
		226,485,920	257,087,228	243,831,597
Net current assets		124,700,267	148,856,183	270,033,701
		740,702,769	766,386,004	767,670,638
<b>Financed By:</b>				
Share capital	18	121,008,885	83,222,485	83,222,485
Treasury shares	19	(2,385,431)	(2,385,431)	(76,888)
Reserves	20	474,433,034	517,132,680	476,402,217
Equity attributable to owners of the Company		593,056,488	597,969,734	559,547,814
Non-controlling interests		5,491,202	4,625,646	6,378,435
		598,547,690	602,595,380	565,926,249
<b>Non-Current Liabilities</b>				
Borrowings	17	124,136,596	143,294,252	191,040,871
Deferred tax liabilities	7	18,018,483	20,496,372	10,703,518
		142,155,079	163,790,624	201,744,389
		740,702,769	766,386,004	767,670,638

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

# Statements of Financial Position

AS AT 31 DECEMBER 2017

		Company	
	Note	2017 RM	2016 RM
<b>Non-Current Assets</b>			
Property, plant and equipment	3	365,277	515,488
Investment in subsidiary companies	4	158,810,307	158,060,307
		159,175,584	158,575,795
<b>Current Assets</b>			
Other receivables	11	633,304	474,362
Amount owing by subsidiary companies	12	432,416,642	404,824,527
Tax recoverable		140,528	30,952
Fixed deposits placed with licensed banks	14	230,318	533,370
Cash and bank balances		251,690	4,116,444
		433,672,482	409,979,655
<b>Current Liabilities</b>			
Other payables	16	1,485,654	239,534
Amount owing to subsidiary companies	12	371,405,535	344,517,160
Borrowings	17	98,788	3,093,561
		372,989,977	347,850,255
Net current assets		60,682,505	62,129,400
		219,858,089	220,705,195
<b>Financed By:</b>			
Share capital	18	121,008,885	83,222,485
Treasury shares	19	(2,385,431)	(2,385,431)
Reserves	20	100,964,805	139,486,809
		219,588,259	220,323,863
<b>Non-Current Liabilities</b>			
Borrowings	17	269,830	368,618
Deferred tax liabilities	7	-	12,714
		269,830	381,332
		219,858,089	220,705,195

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM	Group 2016 RM Restated	Company 2017 RM	2016 RM
Revenue	21	98,902,560	142,730,325	12,978,790	12,986,000
Cost of sales	22	(55,831,815)	(92,083,946)	-	-
Gross profit		43,070,745	50,646,379	12,978,790	12,986,000
Other operating income		14,833,267	69,005,198	55,159	163,199
Marketing and promotion expenses		(3,332,565)	(3,947,615)	-	-
Administration expenses		(14,677,046)	(14,552,206)	(5,544,201)	(3,186,993)
Other operating expenses		(9,214,546)	(19,555,027)	(145,795)	(902,997)
Profit from operations	23	30,679,855	81,596,729	7,343,953	9,059,209
Finance costs	24	(14,295,964)	(14,870,728)	(21,123)	(12,521)
Profit before taxation		16,383,891	66,726,001	7,322,830	9,046,688
Taxation	25	(7,326,102)	(24,270,154)	39,269	(654,913)
<b>Profit for the financial year</b>		<b>9,057,789</b>	<b>42,455,847</b>	<b>7,362,099</b>	<b>8,391,775</b>
<b>Other comprehensive (expense)/income:</b>					
<b>Item that may be reclassified subsequently to profit or loss</b>					
Exchange differences arising from translation of foreign operations		(4,707,776)	6,440,560	-	-
<b>Total comprehensive income for the financial year</b>		<b>4,350,013</b>	<b>48,896,407</b>	<b>7,362,099</b>	<b>8,391,775</b>
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		10,680,588	44,208,636	7,362,099	8,391,775
Non-controlling interests		(1,622,799)	(1,752,789)	-	-
		<b>9,057,789</b>	<b>42,455,847</b>	<b>7,362,099</b>	<b>8,391,775</b>
Total comprehensive income/(expense) for the financial year attributable to:					
Owners of the Company		5,972,812	50,649,196	7,362,099	8,391,775
Non-controlling interests		(1,622,799)	(1,752,789)	-	-
		<b>4,350,013</b>	<b>48,896,407</b>	<b>7,362,099</b>	<b>8,391,775</b>
Earnings per share attributable to owners of the Company:					
Basic (sen)	26	3.22	13.35		
Diluted (sen)	26	2.70	12.61		

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Attributable to Owners of the Company									
		Non-distributable					Distributable			
		Share Capital RM	Share Premium RM	Treasury Shares RM	Translation Reserve RM	Capital Redemption Reserve RM	Retained Profits RM	Sub-Total RM	Non-Controlling Interests RM	
<b>Note</b>										
<b>At 1 January 2017</b>	83,222,485	35,565,970	(2,385,431)	10,020,568	19,706,095	400,000	451,440,047	597,969,734	4,625,646	602,595,380
Profit for the financial year	-	-	-	-	-	-	10,680,588	10,680,588	(1,622,799)	9,057,789
Other comprehensive income:										
Exchange differences arising from translation of foreign operations	-	-	-	(4,707,776)	-	-	-	(4,707,776)	-	(4,707,776)
Total comprehensive income	-	-	-	(4,707,776)	-	-	10,680,588	5,972,812	(1,622,799)	4,350,013
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	(2,788,355)	(2,788,355)	2,488,355	(300,000)
Issuance of share capital pursuant to exercise of warrants	18	1,820,430	-	-	-	-	-	1,820,430	-	1,820,430
Dividends	27	-	-	-	-	-	(9,918,133)	(9,918,133)	-	(9,918,133)
Transition to no par value regime	20	35,965,970	(35,565,970)	-	-	(400,000)	-	-	-	-
<b>At 31 December 2017</b>	121,008,885	-	(2,385,431)	5,312,792	19,706,095	-	449,414,147	593,056,488	5,491,202	598,547,690
<b>At 1 January 2016</b>										
<b>(As previously stated)</b>	83,222,485	35,565,970	(76,888)	3,623,723	19,706,095	400,000	417,781,615	560,223,000	6,378,435	566,601,435
Prior year adjustment	37	-	-	(43,715)	-	-	(631,471)	(675,186)	-	(675,186)
<b>At 1 January 2016 (Restated)</b>	83,222,485	35,565,970	(76,888)	3,580,008	19,706,095	400,000	417,150,144	559,547,814	6,378,435	565,926,249
Profit for the financial year	-	-	-	-	-	-	44,208,636	44,208,636	(1,752,789)	42,455,847
Other comprehensive income:										
Exchange differences arising from translation of foreign operations	-	-	-	6,440,560	-	-	-	6,440,560	-	6,440,560
Total comprehensive income	-	-	-	6,440,560	-	-	44,208,636	50,649,196	(1,752,789)	48,896,407
Repurchase of treasury shares	19	-	(2,308,543)	-	-	-	-	(2,308,543)	-	(2,308,543)
Dividends	27	-	-	-	-	-	(9,918,733)	(9,918,733)	-	(9,918,733)
<b>At 31 December 2016</b>	83,222,485	35,565,970	(2,385,431)	10,020,568	19,706,095	400,000	451,440,047	597,969,734	4,625,646	602,595,380

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



# COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Non-distributable			Distributable		Total Equity RM
		Share Capital RM	Share Premium RM	Treasury Shares RM	Capital Redemption Reserve RM	Retained Profits RM	
<b>At 1 January 2017</b>		83,222,485	35,565,970	(2,385,431)	400,000	103,520,839	220,323,863
Profit/Total comprehensive income for the financial year		-	-	-	-	7,362,099	7,362,099
Issuance of shares pursuant to exercise of warrants	18	1,820,430	-	-	-	-	1,820,430
Dividends	27	-	-	-	-	(9,918,133)	(9,918,133)
Transition to no par value regime	20	35,965,970	(35,565,970)	-	(400,000)	-	-
<b>At 31 December 2017</b>		121,008,885	-	(2,385,431)	-	100,964,805	219,588,259
<b>At 1 January 2016</b>		83,222,485	35,565,970	(76,888)	400,000	105,047,797	224,159,364
Profit/Total comprehensive income for the financial year		-	-	-	-	8,391,775	8,391,775
Repurchase of treasury shares	19	-	-	(2,308,543)	-	-	(2,308,543)
Dividends	27	-	-	-	-	(9,918,733)	(9,918,733)
<b>At 31 December 2016</b>		83,222,485	35,565,970	(2,385,431)	400,000	103,520,839	220,323,863

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		2017 RM	Group 2016 RM Restated	Company 2017 RM	2016 RM
Note					
<b>Cash flows from operating activities</b>					
Profit before taxation		16,383,891	66,726,001	7,322,830	9,046,688
Adjustments for:					
Depreciation of property, plant and equipment	3	320,931	343,343	132,456	142,937
Amortisation of contract assets	10	392,055	475,485	-	-
Net impairment/(reversal) of trade receivables	8	183,751	(182,660)	-	-
Impairment loss on other receivables	11	-	2,604,374	-	-
Property, plant and equipment written off	3	27,946	40,472	17,630	40,472
Provision for liquidated and ascertained damages	16	8,332,086	3,499,292	-	-
Over provision for liquidated and ascertained damages	16	(222,747)	(72,480)	-	-
Gain on disposal of property, plant and equipment		(32,805)	(4,999)	(2,165)	-
Unrealised foreign exchange (gain)/loss		(4,677,055)	6,292,832	-	-
Fair value adjustments on investment properties		-	(58,146,456)	-	-
Finance cost	24	14,295,964	14,870,728	21,123	12,521
Finance income		(555,647)	(1,918,082)	(48,995)	(163,199)
Dividend income	21	-	-	(9,814,290)	(9,880,000)
Operating profit/(loss) before working capital changes		34,448,370	34,527,850	(2,371,411)	(800,581)
(Increase)/Decrease in working capital:					
Contract assets		10,751,403	4,246,959	-	-
Inventories		8,781,268	28,724,478	-	-
Trade receivables		1,452,967	2,144,559	-	-
Other receivables		8,267,804	(2,980,347)	(158,942)	120,518
Amount owing by/to subsidiary companies		-	-	9,110,550	18,568,111
Trade payables		2,085,017	289,404	-	-
Other payables		(23,880,177)	7,489,226	1,246,120	4,076
Cash generated from operations		41,906,652	74,442,129	7,826,317	17,892,124
Taxation paid		(22,781,116)	(47,679,696)	(83,021)	(1,171,286)
Taxation refund		24,304	1,317,392	-	-
Interest received		555,647	1,918,082	48,995	163,199
Interest paid		(14,150,764)	(16,306,412)	(21,123)	(12,521)
Net cash generated from operating activities		5,554,723	13,691,495	7,771,168	16,871,516

**Statements of Cash Flows**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		2017 RM	Group 2016 RM Restated	Company 2017 RM	2016 RM
Note					
<b>Cash flows from investing activities</b>					
Additions of land held for property development	6	(63,066)	(12,083)	-	-
Purchase of property, plant and equipment	32	(28,246)	(416,434)	-	(23,368)
Purchase of investment properties		-	(47,888,591)	-	-
Subscription of additional shares in existing subsidiary companies	4(c)	-	-	(750,000)	(249,998)
Acquisition of additional interest from non-controlling interest	4(d)	(300,000)	-	-	-
Net proceeds from disposal of property, plant and equipment		318,140	5,000	2,290	-
Net cash used in investing activities		(73,172)	(48,312,108)	(747,710)	(273,366)
<b>Cash flows from financing activities</b>					
Dividends paid	27	(9,918,133)	(9,918,733)	(9,918,133)	(9,918,733)
Repayment of finance lease liabilities	32	(122,042)	(95,943)	(93,561)	(44,821)
Repayment of borrowings	32	(72,106,922)	(55,737,719)	(3,000,000)	(17,000,000)
Drawdown from borrowings	32	61,000,000	9,472,400	-	-
Decrease/(Increase) in pledge deposits		2,872,731	(1,168,933)	-	-
Proceeds from issuance of shares	18	1,820,430	-	1,820,430	-
Repurchase of treasury share	19	-	(2,308,543)	-	(2,308,543)
Net cash used in financing activities		(16,453,936)	(59,757,471)	(11,191,264)	(29,272,097)
<b>Net decrease in cash and cash equivalents</b>		(10,972,385)	(94,378,084)	(4,167,806)	(12,673,947)
<b>Cash and cash equivalents at beginning of the financial year</b>		9,471,051	97,408,575	4,533,147	17,207,094
<b>Effect of exchange rate changes</b>		(4,707,776)	6,440,560	-	-
<b>Cash and cash equivalents at end of the financial year</b>		(6,209,110)	9,471,051	365,341	4,533,147
Cash and cash equivalents at end of the financial year comprises:					
Cash and bank balances		4,078,854	15,174,539	251,690	4,116,444
Cash held under Housing Development Accounts	13	4,669,768	4,193,463	-	-
Fixed deposits with licensed banks	14	4,458,572	15,930,317	230,318	533,370
Bank overdrafts	17	(15,097,701)	(18,635,934)	-	-
		(1,890,507)	16,662,385	482,008	4,649,814
Less: Fixed deposits pledged with licensed banks	14	(4,318,603)	(7,191,334)	(116,667)	(116,667)
		(6,209,110)	9,471,051	365,341	4,533,147

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Corporate information

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiary companies are set out in Note 4 to the financial statements.

The Company is a public limited liability company, incorporated under the Malaysian Companies Act, 1965 and is listed on the Main Board of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Lot 4.01, Level 4, IDCC Corporate Tower, Jalan Pahat L 15/L, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan.

The financial statements of the Group and of the Company for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors dated 4 April 2018.

## 2. Basis of preparation and significant accounting policies

### 2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group's and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.3.

Amendments to accounting standards that are effective for the Group and the Company's financial year beginning on or after 1 January 2017 are as follows:

- Amendments to MFRS 12, "Disclosure of Interest in Other Entities" (Annual Improvements 2014-2016 cycle)
- Amendments to MFRS 107, "Disclosure Initiative"
- Amendments to MFRS 112, "Recognition of Deferred Tax Assets for Unrealised Losses"

The above amendments to accounting standards effective during the financial year do not have any significant impact to the financial results and position of the Group and the Company.

Accounting standards, amendments to accounting standards and IC Interpretations that are applicable for the Group and the Company in the following periods but are not yet effective:

#### ***Annual periods beginning on/after 1 January 2018***

- MFRS 9, "Financial Instruments"
- Amendments to MFRS 1, "First-time Adoption of Malaysian Financial Reporting Standards" (Annual improvements 2014-2016 cycle)
- Amendments to MFRS 2, "Classification and Measurement of Share-Based Payment Transactions"
- Amendments to MFRS 4, "Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts"
- Amendments to MFRS 128, "Investments in Associates and Joint Ventures" (Annual improvements 2014-2016 cycle)
- Amendments to MFRS 140, "Transfers of Investment Property"
- IC Interpretation 22, "Foreign Currency Transactions and Advance Consideration"

## Notes to the Financial Statements

### 2. Basis of preparation and significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

##### ***Annual periods beginning on/after 1 January 2019***

- MFRS 16, "Leases"
- Amendments to MFRS 3, "Business Combinations" (Annual Improvements to MFRS 2015-2017 cycle)
- Amendments to MFRS 9, "Prepayment Features with Negative Compensation"
- Amendments to MFRS 11, "Joint Arrangement" (Annual Improvements to MFRS 2015-2017 cycle)
- Amendments to MFRS 112, "Income Taxes" (Annual Improvements to MFRS 2015-2017 cycle)
- Amendments to MFRS 123, "Borrowing Costs" (Annual Improvements to MFRS 2015-2017 cycle)
- Amendments to MFRS 128, "Long-term Interests in Associates and Joint Ventures"
- IC Interpretation 23, "Uncertainty over Income Tax Treatments"

##### ***Annual periods beginning on/after 1 January 2021***

- MFRS 17, "Insurance Contracts"

##### ***Effective date yet to be determined by the Malaysian Accounting Standards Board***

- Amendments to MFRS 10 and MFRS 128, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The above accounting standards, amendments to accounting standards and IC interpretations which may have a significant impact to the financial statements are as follows:

##### ***Annual periods beginning on/after 1 January 2018***

##### MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, "Financial Instruments: Recognition and Measurement" on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting.

Based on assessments to date, there are no changes in the measurement of the Group's and of the Company's financial assets and financial liabilities.

In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an expected credit loss ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

The Group and the Company has assessed the estimated impact that the initial application of ECL model will have on the financial statements as at 1 January 2018 and do not expect any material financial impact arising therefrom.

Aside from the above mentioned, the adoption of the accounting standards and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Group and the Company.

#### 2.2 Functional and presentation currency

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.



## Notes to the Financial Statements

### 2. Basis of preparation and significant accounting policies (continued)

#### 2.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (i) Revenue recognition for property development activities

The Group recognises property development revenue and costs by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measured based on direct measurements of the value transferred by the Group to the customer and the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining:

- the completeness and accuracy of the budgets;
- the extent of the costs incurred.

Substantial changes in cost estimates can in future periods have, a significant effect on the Group's revenue recognised. In making the above judgement, the Group relies on past experience and work of specialists.

There is no estimation required in determining the transaction prices as revenue from property development are based on the contracted sales and purchase agreements.

##### (ii) Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. Significant judgement is required in determining fair value which may be derived based on different valuation methods. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The Group engaged independent valuation specialists to determine fair value as at the end of each reporting period.

##### (iii) Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the management of the Group reviews the investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all the economic benefits embodied in the investment properties over time. Therefore, in making judgement, the management has determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

##### (iv) Provisions for liquidated and ascertained damages

As at the end of the reporting period, there were provisions for liquidated and ascertained damages ("LAD") recognised in respect of projects undertaken by certain subsidiaries based on expected LAD claims based on the terms of the applicable sales and purchase agreements. Significant judgement is required in determining the amount of provision for LAD to be made. The Group evaluates the amount of provision required based on past experience, industry norm and the results from continuous dialogues held with the affected purchasers who are seeking indulgence and extension of time to complete the affected projects and waive their LAD claim.

## Notes to the Financial Statements

### 2. Basis of preparation and significant accounting policies (continued)

#### 2.3 Significant accounting estimates and judgements (continued)

##### (v) Impairment of financial assets

The impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. This is determined based on the ageing profile, expected collection patterns of individual receivable balances, credit quality and credit losses incurred. Management carefully monitors the credit quality of receivable balances and makes estimates about the amount of credit losses that have been incurred at each financial statements reporting date. Any changes to the ageing profile, collection patterns, credit quality and credit losses can have an impact on the impairment recorded.

#### 2.4 Basis of consolidation for subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.

## Notes to the Financial Statements

### 2. Basis of preparation and significant accounting policies (continued)

#### 2.5 Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

#### 2.6 Property, plant and equipment

##### (i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in net in the profit or loss.

##### (ii) Depreciation and impairment

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of property, plant and equipment.

Leasehold land is amortised on a straight line method over the period of the lease. All other property, plant and equipment are depreciated on a straight-line method at rates calculated to write off the cost of the assets to their residual values over their estimated useful lives as follows:

Leasehold land	99 years
Buildings	50 years
Plant and machinery	5 - 10 years
Furniture, fittings and equipment	5 - 13 years
Motor vehicles	5 years
Container store and cabin	5 - 10 years
Office renovation	10 years

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

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount in accordance with accounting policy Note 2.9.

## Notes to the Financial Statements

### 2. Basis of preparation and significant accounting policies (continued)

#### 2.7 Investment properties

##### (i) Investment properties carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs (refer to accounting policy Note 2.15 on capitalisation of borrowing costs).

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.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

##### (ii) Determination of fair value

The fair values are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

#### 2.8 Leases as lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

#### 2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 other assets or cash-generating units.

## Notes to the Financial Statements

### 2. Basis of preparation and significant accounting policies (continued)

#### 2.9 Impairment of non-financial assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### 2.10 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

#### 2.11 Land held for property development

Land held for property development consists of land held for future development activities where no significant development has been undertaken 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 any accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 2.9.

Land held for property development is reclassified as inventories – properties under development when the development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

#### 2.12 Inventories

##### Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises cost of land use rights, construction costs, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. On completion, sold properties are recognised in profit or loss and unsold properties are transferred to developed properties held for sale.



## Notes to the Financial Statements

### 2. Basis of preparation and significant accounting policies (continued)

#### 2.12 Inventories (continued)

##### Developed properties held for sale

Developed properties which represent completed units held for sale are stated at the lower of cost and net realisable value. Cost consist of costs associated with the acquisition of land, direct costs, appropriate proportions of common costs attributable to developing the properties to completion and borrowing costs.

#### 2.13 Contingent assets and contingent liabilities

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

#### 2.14 Operating segments

Operating segments are reported in a manner consistent with the internal reporting and are regularly reviewed by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

#### 2.15 Borrowing costs

Borrowing costs 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

#### 2.16 Provisions for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

#### 2.17 Foreign currencies

##### (i) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

## Notes to the Financial Statements

### 2. Basis of preparation and significant accounting policies (continued)

#### 2.17 Foreign currencies (continued)

##### (i) Foreign currency transactions and balances (continued)

Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss, except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

##### (ii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- income and expenses for each statement of profit or loss and other comprehensive income presented are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken directly to other comprehensive income through the translation reserve.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income through the translation reserve.

#### 2.18 Equity instruments

##### (i) Share Capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

##### (ii) Treasury Shares

Where the Company or its subsidiaries purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental external costs, net of tax, is included in equity attributable to the Company's equity holders as treasury shares until they are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, are included in equity attributable to the Company's equity holders.

## Notes to the Financial Statements

### 2. Basis of preparation and significant accounting policies (continued)

#### 2.19 Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group’s customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group’s performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at a point in time at which the customer obtains control of the promised goods or services.

#### Property development and construction contract

Revenue from property development and construction contract is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group’s performance:

- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group’s performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer (e.g. surveys or appraisals of performance completed to date); or
- the Group’s effort or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract).

## Notes to the Financial Statements

### 2. Basis of preparation and significant accounting policies (continued)

#### 2.19 Revenue recognition (continued)

##### Property development and construction contract (continued)

The excess of cumulative revenue recognised in profit or loss over the billings to customers is recognised as contract assets.

The excess of cumulative billings to customers over revenue recognised in profit or loss is recognised as contract liabilities.

Incremental costs of obtaining a contract, if recoverable, are capitalised as contract assets and are subsequently amortised consistently with the pattern of revenue for the related contract.

##### Goods sold and services rendered

Revenue from sales of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, or performance of services, net of sales and goods and service taxes and discounts.

Revenue from services rendered is recognised in profit or loss upon performance of services and is measured at the fair value of the consideration receivable.

##### Rental and interest income

Rental income and interest income are recognised on an accrual basis.

##### Dividend income

Dividend income is recognised when the right to receive payment is established.

#### 2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## Notes to the Financial Statements

### 2. Basis of preparation and significant accounting policies (continued)

#### 2.21 Financial assets

##### (i) Classification

The Group classifies its financial assets based on the purpose for which the financial assets were acquired at initial recognition in the following categories:

##### Financial assets at fair value through profit or loss

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

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise, they are classified as non-current assets.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

##### Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

##### Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

##### (ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

##### (iii) Subsequent measurement

##### Gains and losses

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.



## Notes to the Financial Statements

### 2. Basis of preparation and significant accounting policies (continued)

#### 2.21 Financial assets (continued)

##### (iii) Subsequent measurement (continued)

###### Gains and losses (continued)

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. Impairment losses and exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in profit or loss. Dividend income on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

###### Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For an equity instrument, a significant or prolonged decline in fair value below its cost is also considered objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

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

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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

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

## Notes to the Financial Statements

### 2. Basis of preparation and significant accounting policies (continued)

#### 2.21 Financial assets (continued)

##### (iv) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

#### 2.22 Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

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

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

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

#### 2.23 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### 2.24 Employee benefits

##### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### (ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss in the period to which they relate.

## Notes to the Financial Statements

### 3. Property, plant and equipment

Group	Leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Container store and cabin RM	Office renovation RM	Total RM
<b>2017</b>								
<b>Cost</b>								
At 1.1.2017	29,799	110,111	1,183,220	1,778,264	1,389,741	32,650	325,723	4,849,508
Additions	-	-	-	28,246	-	-	-	28,246
Disposals	-	-	(772,529)	(33,436)	(181,450)	-	-	(987,415)
Written off	-	-	(256,000)	(1,229,908)	(25,600)	(25,650)	-	(1,537,158)
Transfer	-	-	32,099	(32,099)	-	-	-	-
At 31.12.2017	29,799	110,111	186,790	511,067	1,182,691	7,000	325,723	2,353,181
<b>Accumulated depreciation</b>								
At 1.1.2017	6,829	46,512	879,512	1,477,413	892,545	20,182	25,403	3,348,396
Charge for the financial year	319	2,172	39,404	118,320	125,200	2,944	32,572	320,931
Disposals	-	-	(496,887)	(33,308)	(171,885)	-	-	(702,080)
Written off	-	-	(255,990)	(1,207,153)	(25,598)	(20,471)	-	(1,509,212)
Transfer	-	-	3,211	(3,211)	-	-	-	-
At 31.12.2017	7,148	48,684	169,250	352,061	820,262	2,655	57,975	1,458,035
<b>Carrying amount</b>								
At 31.12.2017	22,651	61,427	17,540	159,006	362,429	4,345	267,748	895,146
<b>2016</b>								
<b>Cost</b>								
At 1.1.2016	29,799	110,111	1,179,420	1,714,721	912,573	32,650	614,222	4,593,496
Additions	-	-	3,800	63,543	530,368	-	325,723	923,434
Disposals	-	-	-	-	(53,200)	-	-	(53,200)
Written off	-	-	-	-	-	-	(614,222)	(614,222)
At 31.12.2016	29,799	110,111	1,183,220	1,778,264	1,389,741	32,650	325,723	4,849,508
<b>Accumulated depreciation</b>								
At 1.1.2016	6,510	44,340	835,954	1,353,563	846,995	16,957	527,683	3,632,002
Charge for the financial year	319	2,172	43,558	123,850	98,749	3,225	71,470	343,343
Disposals	-	-	-	-	(53,199)	-	-	(53,199)
Written off	-	-	-	-	-	-	(573,750)	(573,750)
At 31.12.2016	6,829	46,512	879,512	1,477,413	892,545	20,182	25,403	3,348,396
<b>Carrying amount</b>								
At 31.12.2016	22,970	63,599	303,708	300,851	497,196	12,468	300,320	1,501,112

Included in the property, plant and equipment of the Group are motor vehicles acquired under finance leases with carrying amount of RM362,418 (2016: RM497,182).

## Notes to the Financial Statements

### 3. Property, plant and equipment (continued)

Company	Motor vehicles RM	Furniture, fittings and equipment RM	Computers RM	Office renovation RM	Total RM
<b>2017</b>					
<b>Cost</b>					
At 1.1.2017	530,368	377,618	328,898	-	1,236,884
Disposal	-	(3,761)	-	-	(3,761)
Written off	-	(373,857)	(322,298)	-	(696,155)
At 31.12.2017	530,368	-	6,600	-	536,968
<b>Accumulated depreciation</b>					
At 1.1.2017	61,876	336,119	323,401	-	721,396
Charge for the financial year	106,074	23,763	2,619	-	132,456
Disposal	-	(3,636)	-	-	(3,636)
Written off	-	(356,246)	(322,279)	-	(678,525)
At 31.12.2017	167,950	-	3,741	-	171,691
<b>Carrying amount</b>					
At 31.12.2017	362,418	-	2,859	-	365,277
<b>2016</b>					
<b>Cost</b>					
At 1.1.2016	-	377,618	328,898	614,222	1,320,738
Additions	530,368	-	-	-	530,368
Written off	-	-	-	(614,222)	(614,222)
At 31.12.2016	530,368	377,618	328,898	-	1,236,884
<b>Accumulated depreciation</b>					
At 1.1.2016	-	308,765	315,763	527,681	1,152,209
Charge for the financial year	61,876	27,354	7,638	46,069	142,937
Written off	-	-	-	(573,750)	(573,750)
At 31.12.2016	61,876	336,119	323,401	-	721,396
<b>Carrying amount</b>					
At 31.12.2016	468,492	41,499	5,497	-	515,488

### 4. Investment in subsidiary companies

Company	In Malaysia RM	Outside Malaysia RM	Total RM
<b>2017</b>			
Unquoted shares, at cost			
At 1 January	58,599,907	99,460,400	158,060,307
Additions during the financial year	750,000	-	750,000
At 31 December	59,349,907	99,460,400	158,810,307
<b>2016</b>			
Unquoted shares, at cost			
At 1 January	58,349,909	99,460,400	157,810,309
Additions during the financial year	249,998	-	249,998
At 31 December	58,599,907	99,460,400	158,060,307

## Notes to the Financial Statements

### 4. Investment in subsidiary companies (continued)

	Company	
	2017 RM	2016 RM
Represented by:		
Ordinary shares	158,809,307	158,059,307
Redeemable preference shares	1,000	1,000
	158,810,307	158,060,307

(a) The subsidiary companies and shareholdings therein are as follows:

Name of companies	Country of incorporation/ Principal place of business	Effective ownership and voting interest (%)		Principal activities
		2017	2016	
Direct holding:				
Dunia Epik Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
Magna Prima Construction Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
Magna Prima Development Sdn. Bhd.	Malaysia	100	100	Property development and provision of management services
Magna Shah Alam Sdn. Bhd.	Malaysia	100	100	Property development
Kontrakmal 1 (M) Sdn. Bhd.	Malaysia	100	100	Dormant
Crossborder Team (M) Sdn. Bhd.	Malaysia	100	100	Property development
Everhall (M) Sdn. Bhd.	Malaysia	100	100	Property investment
33 Sentral Park Sdn. Bhd.	Malaysia	100	100	Property development
Twinicon (M) Sdn. Bhd.	Malaysia	100	100	Property development
Winicon (M) Sdn. Bhd.	Malaysia	100	100	Property development and provision of management services
Magna Mix Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading in ready mixed concrete
Prima Awan (M) Sdn. Bhd.	Malaysia	100	100	Property management
Pembinaan Contamaju-Infocast Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
Magna City Shah Alam Sdn. Bhd.	Malaysia	100	100	Property development
Magna City Development Sdn. Bhd.	Malaysia	100	100	Property development
Permata Juang (M) Sdn. Bhd.	Malaysia	100	100	Property development
Monetary Icon (M) Sdn. Bhd.	Malaysia	100	100	Property development
Magna Prima Australia Pty. Ltd.*	Australia	100	100	Property development
Pavilion Uptrend Sdn. Bhd.	Malaysia	70	70	Property development
Subsidiary of Dunia Epik Sdn. Bhd.				
Magna Park (Mentakab) Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction



## Notes to the Financial Statements

### 4. Investment in subsidiary companies (continued)

(a) The subsidiary companies and shareholdings therein are as follows: (continued)

Name of companies	Country of incorporation/ Principal place of business	Effective ownership and voting interest (%)		Principal activities
		2017	2016	
Subsidiaries of Magna Prima Development Sdn. Bhd.				
Magna Park Sdn. Bhd.	Malaysia	100	100	Investment holding and property development
Magna Ecocity Sdn. Bhd.	Malaysia	70	70	Property development
Subsidiary of Magna Prima Construction Sdn. Bhd.				
MPrima (Shah Alam) Sdn. Bhd.	Malaysia	100	100	Construction and project management
Subsidiaries of Magna Park Sdn. Bhd.				
Embassy Court Sdn. Bhd.	Malaysia	100	91	Property development
Amanabina Sdn. Bhd.	Malaysia	100	91	Property development and project management services
Subsidiaries of Winicon (M) Sdn. Bhd				
Ibsul Development (Sel) Sdn. Bhd.	Malaysia	100	100	Property development and property investment

\* Audited by another firm of auditors.

(b) Non-controlling interests ("NCI") in subsidiaries

	Magna Park Sdn. Bhd. and its subsidiaries		Magna Ecocity Sdn. Bhd.	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-current assets	-	719	-	-
Current assets	-	30,013,383	129,125,305	127,033,082
Non-current liabilities	-	(1,000)	(28,014,876)	(52,011,924)
Current liabilities	-	(56,740,876)	(82,991,178)	(51,495,836)
Net (liabilities)/assets	-	(26,727,774)	18,119,251	23,525,322
Carrying amount of NCI as at 31 December	-	(2,488,356)	5,435,775	7,057,597
Revenue	-	-	-	-
Loss/Total comprehensive expense for the financial year	-	(18,625)	(5,406,071)	(5,821,992)
Loss/Total comprehensive expense allocated to NCI for the financial year	-	(4,434)	(1,621,821)	(1,746,598)
Cash flows from operating activities	-	240,711	15,189,428	(18,227,928)
Cash flows from financing activities	-	-	(15,189,477)	(414,079)
Net increase/(decrease) in cash and cash equivalents	-	240,711	(49)	(18,642,007)
Ownership interest and voting rights percentage held by NCI	-	9%	30%	30%

## Notes to the Financial Statements

### 4. Investment in subsidiary companies (continued)

(c) Changes in equity interest in Magna City Shah Alam Sdn. Bhd.

During the financial year, a subsidiary company, Magna City Shah Alam Sdn. Bhd. has increased its issued and paid up share capital from 250,000 ordinary shares to 1,000,000 ordinary shares by way of issuance of 750,000 new ordinary shares which were fully subscribed by the Group.

(d) Acquisition of additional interest in Magna Park Sdn. Bhd.

During the financial year, a subsidiary company, Magna Prima Development Sdn. Bhd. has acquired 9% of the issued and paid up share capital of Magna Park Sdn. Bhd., comprising 675,000 ordinary shares for a consideration amount of RM300,000. Magna Park Sdn. Bhd. has become the wholly-owned subsidiary under Magna Prima Development Sdn. Bhd.. The acquisition of additional interest does not have a significant impact to the Group and the Company during the financial year.

### 5. Investment properties

Group	At cost Investment properties under construction RM	At fair value			Total RM
		Buildings RM	Freehold land RM	Leasehold land RM	
<b>2017</b>					
At 1 January/31 December	-	143,600,000	382,000,000	7,519,000	533,119,000
<b>2016</b>					
At 1 January	36,137,880	-	382,000,000	7,400,000	425,537,880
Additions	49,434,664	-	-	-	49,434,664
Reclassification of completed properties	(85,572,544)	85,572,544	-	-	-
Gain on changes in fair value	-	58,027,456	-	119,000	58,146,456
At 31 December	-	143,600,000	382,000,000	7,519,000	533,119,000

Investment properties under construction, buildings and freehold land with a carrying amount of RM525,600,000 (2016: RM525,600,000) have been pledged to secure banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

#### Fair value information

Investment properties are stated at fair value, which has been determined based on valuations performed by independent valuers, PPC International Sdn. Bhd.. The independent valuers are specialists in valuing these types of investment properties. The fair value of the properties has been determined using comparison method depending on the nature of the property. The comparison method entails comparing the property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, size, building construction and finishes, building services, management and maintenance, age and state of repair, market conditions and other relevant characteristics.

In prior years, investment properties under construction includes the construction of a shopping mall and a supermarket located at Jalan Kuching, which has been completed in the previous financial year. The fair value of these properties in prior years cannot be measured reliably due to the lack of comparable property transactions or information on the comparable properties' occupancy rate and rental yields within the vicinity. Therefore, investment properties under construction in prior years were presented at cost.

## Notes to the Financial Statements

### 5. Investment properties (continued)

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 : Quoted prices 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 or indirectly.
- Level 3 : Inputs for the asset or liability that is not based on observable market data.

Fair value hierarchy of the investment properties are as follows:

	Level 2	
	2017 RM	2016 RM
Buildings	143,600,000	143,600,000
Freehold land	382,000,000	382,000,000
Leasehold land	7,519,000	7,519,000
	533,119,000	533,119,000

### 6. Land held for property development

Group	Freehold land RM	Development expenditure RM	Total RM
<b>2017</b>			
At 1 January	48,479,360	16,557,244	65,036,604
Additions	-	63,066	63,066
At 31 December	48,479,360	16,620,310	65,099,670
<b>2016</b>			
At 1 January	48,479,360	16,545,161	65,024,521
Additions	-	12,083	12,083
At 31 December	48,479,360	16,557,244	65,036,604

Land held for property development with a carrying amount of RM65,099,670 (2016: RM65,036,604) have been pledged to secure banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

### 7. Deferred taxation

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deferred tax assets	13,391,810	17,873,105	-	-
Deferred tax liabilities	(18,018,483)	(20,496,372)	-	(12,714)
	(4,626,673)	(2,623,267)	-	(12,714)

## Notes to the Financial Statements

### 7. Deferred taxation (continued)

The movement on the net deferred tax liabilities are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 January	(2,623,267)	(4,590,476)	(12,714)	(23,197)
Recognised in profit or loss (Note 25):				
- property, plant and equipment	15,799	10,307	11,754	11,443
- others	(4,483,637)	11,715,260	960	(960)
- investment properties	2,458,858	(9,841,384)	-	-
	(2,008,980)	1,884,183	12,714	10,483
Exchange differences	5,574	83,026	-	-
At 31 December	(4,626,673)	(2,623,267)	-	(12,714)

The components of deferred tax assets and liabilities of the Group and the Company during the financial year prior to offsetting are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deferred tax assets:				
- others	13,395,871	17,876,233	-	-
Offsetting	(4,061)	(3,128)	-	-
Net deferred tax assets	13,391,810	17,873,105	-	-
Deferred tax liabilities:				
- property, plant and equipment	68,033	82,872	-	11,754
- others	-	3,259	-	960
- investment properties	17,954,511	20,413,369	-	-
	18,022,544	20,499,500	-	12,714
Offsetting	(4,061)	(3,128)	-	-
Net deferred tax liabilities	18,018,483	20,496,372	-	12,714

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deductible temporary differences	30,468,984	27,837,778	20,459	-
Unutilised tax losses	55,427,078	49,533,981	2,144,002	-
	85,896,062	77,371,759	2,164,461	-
Deferred tax assets not recognised at 24% (2016: 24%)	20,615,055	18,569,222	519,471	-

## Notes to the Financial Statements

### 8. Trade receivables

	Group 2017 RM	2016 RM
Trade receivables	22,695,624	35,325,654
Stakeholders sum	11,177,063	3,272,064
	33,872,687	38,597,718
Less: Impairment loss	(5,822,263)	(8,910,576)
	28,050,424	29,687,142
Analysed as:		
Non-current assets	3,496,876	-
Current assets	24,553,548	29,687,142
	28,050,424	29,687,142

The ageing analysis of trade receivables are as follows:

	Group 2017 RM	2016 RM
Neither past due or impaired	13,027,642	412,627
1 - 90 days past due but not impaired	97,682	12,622,549
91 - 180 days past due but not impaired	-	650,064
181 - 365 days past due but not impaired	-	-
More than 365 days past due but not impaired	14,925,100	16,001,902
	15,022,782	29,274,515
Individually impaired	5,822,263	5,638,512
Collectively impaired	-	3,272,064
	33,872,687	38,597,718

The Group's normal trade credit terms range from 30 to 120 days (2016: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group's trade receivables of RM5,822,263 (2016: RM5,638,512) were individually impaired. The individually impaired receivables mainly relate to customers from trading activities which are facing difficulties in cash flows. As at 31 December 2017, the impairment loss for these receivables is RM5,822,263 (2016: RM5,638,512).

The Group's trade receivables amounting to RM15,022,782 (2016: RM29,274,515) were past due at the reporting date but not impaired. These balances consist of amount owing by the end buyers who have obtained end financing to fund their purchases of the Group's properties or represent refundable stakeholders sum arising from the sales of properties which are held in trust by the end buyers' solicitors. This balance also includes other independent customers for whom there is no recent history of default.

Movements on the provision for impairment of trade receivables are as follows:

	Group 2017 RM	2016 RM
At 1 January	8,910,576	9,093,236
Provision made during the financial year	275,086	-
Reversal during the financial year	(91,335)	(182,660)
Written off during the financial year	(3,272,064)	-
At 31 December	5,822,263	8,910,576

## Notes to the Financial Statements

### 9. Inventories

	Group 2017 RM	2016 RM Restated
Developed properties held for sale	112,006,447	31,629,851
Properties under development	183,580,783	272,738,647
	295,587,230	304,368,498

The movements of developed properties held for sale are as follows:

	Group 2017 RM	2016 RM Restated
At 1 January (As previously stated)	31,629,851	81,835,611
Prior year adjustment (Note 37)	-	(964,552)
At 1 January (Restated)	31,629,851	80,871,059
Transfer from completed development	100,419,437	-
Sale of properties	(20,115,137)	(49,216,946)
Exchange differences	72,296	(24,262)
At 31 December	112,006,447	31,629,851

The movements of properties under development are as follows:

	Group 2017 RM	2016 RM
Freehold land, at cost	33,594,848	49,483,320
Leasehold land, at cost	125,713,005	125,713,005
Development costs	137,970,195	146,793,733
<b>At 1 January</b>	297,278,048	321,990,058
<b>Cost incurred during the financial year</b>		
Freehold land, at cost	-	29,680
Leasehold land	43,000,000	-
Development costs	6,879,599	53,034,585
	49,879,599	53,064,265
<b>Cumulative costs recognised in profit or loss</b>		
At 1 January	(24,539,401)	(64,624,804)
Recognised during the financial year	(38,618,026)	(37,690,872)
Reversal of completed projects	63,157,427	77,776,275
At 31 December	-	(24,539,401)
<b>Completed development projects</b>		
Freehold land, at cost	(19,566,928)	(15,918,152)
Leasehold land, at cost	(10,050,063)	-
Development costs	(33,540,436)	(61,858,123)
	(63,157,427)	(77,776,275)
<b>Transfers to developed properties held for sale</b>		
Freehold land, at cost	(14,027,920)	-
Leasehold land, at cost	(14,302,160)	-
Development costs	(72,089,357)	-
	(100,419,437)	-
<b>At 31 December</b>	183,580,783	272,738,647



## Notes to the Financial Statements

### 9. Inventories (continued)

	2017 RM	Group 2016 RM
Represented by:		
Freehold land, at cost	-	33,594,848
Leasehold land, at cost	144,360,782	125,713,005
Development costs	39,220,001	137,970,195
Accumulated costs recognised in profit or loss	-	(24,539,401)
	183,580,783	272,738,647

Cost incurred during the financial year is derived after charging:

	2017 RM	Group 2016 RM
Finance costs	2,313,590	1,858,435
Rental of equipment	-	2,600
Rental of vehicle, plant & machinery	158,898	929,162
Rental of land	-	10,000

Included in properties under development was an amount of RM178,111,380 (2016: RM125,750,524) have been pledged to secure banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

### 10. Contract assets and liabilities

The analysis of contract assets and contract liabilities are as follows:

	2017 RM	Group 2016 RM
Contract assets in relation to:		
- property development	4,902,166	13,989,027
- construction	-	2,056,597
	4,902,166	16,045,624
At 1 January	16,045,624	20,768,068
Revenue recognised during the financial year	64,665,320	74,442,073
Less: Billing during the financial year	(75,416,723)	(78,689,032)
Less: Cost incurred to obtain a contract amortised during the financial year	(392,055)	(475,485)
	(11,143,458)	(4,722,444)
At 31 December	4,902,166	16,045,624

The contract assets and contract liabilities were not impacted by significant changes in contract terms.

As at 31 December 2017, the aggregate amount of the transaction price allocated to the remaining unfulfilled performance obligations of the Group is Nil (2016: RM42,215,989) which will be recognised as revenue when the relevant projects are completed, which are expected to occur over the next 12 months.

## Notes to the Financial Statements

### 11. Other receivables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other receivables	8,216,770	11,135,832	2,314,700	2,030,799
Deposits	2,291,963	2,998,446	59,871	124,830
Prepayments	3,120,997	7,763,256	-	60,000
	13,629,730	21,897,534	2,374,571	2,215,629
Less: Impairment loss				
Deposits	(1,741,267)	(1,741,267)	(1,741,267)	(1,741,267)
Prepayments	(2,604,374)	(2,604,374)	-	-
	(4,345,641)	(4,345,641)	(1,741,267)	(1,741,267)
	9,284,089	17,551,893	633,304	474,362

Movements on the provision for impairment are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 January	4,345,641	1,741,267	1,741,267	1,741,267
Impairment during the financial year	-	2,604,374	-	-
At 31 December	4,345,641	4,345,641	1,741,267	1,741,267

Included in an impairment loss on the part-payments and other costs in relation to the acquisition of land amounting to RM2,604,374 (2016: RM2,604,374) was recognised arising from a pending litigation as stated in Note 36 to the financial statements.

### 12. Amount owing by/(to) subsidiary companies

Amount owing by/(to) subsidiary companies are non-trade in nature, interest-free and repayable on demand.

### 13. Cash held under Housing Development Accounts

Cash held under the Housing Development Accounts represents monies received from purchasers of properties less payments or withdrawals in accordance with the Housing Development (Control and Licensing) Act 1966. The effective interest rate on the above ranges from 2.7% to 3.0% (2016: 1.9% to 3.0%).

### 14. Fixed deposits placed with licensed banks

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Fixed deposits pledged with licensed banks	4,318,603	7,191,334	116,667	116,667
Other short term deposits	139,969	8,738,983	113,651	416,703
	4,458,572	15,930,317	230,318	533,370

Fixed deposits pledged to licensed banks are secured for bank guarantee and bank overdrafts facilities granted to the Group as disclosed in Note 17 to the financial statements.

The effective interest rates and maturities of deposits range from 1.90% to 3.35% (2016: 1.90% to 3.00%) per annum and 1 to 365 days (2016: 1 to 365 days) respectively.

## Notes to the Financial Statements

### 15. Trade payables

	Group	
	2017 RM	2016 RM
Trade payables	33,819,684	28,296,569
Retention sum payables	7,252,965	10,691,063
	41,072,649	38,987,632

The Group's normal trade credit terms range from 30 to 120 days (2016: 30 to 120 days).

### 16. Other payables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other payables	20,427,542	2,471,416	1,444,304	-
Provision for liquidated and ascertained damages	20,196,011	13,464,642	-	-
Refundable deposits	892,702	2,306,037	-	-
Accruals	11,040,278	54,874,219	41,350	239,534
	52,556,533	73,116,314	1,485,654	239,534

The movement in the Group's provision for liquidated and ascertained damages are as follows:

	Group	
	2017 RM	2016 RM
At 1 January	13,464,642	11,095,400
Provisions for liquidated and ascertained damages	8,332,086	3,499,292
Payments made	(1,377,970)	(1,057,570)
Overprovision of liquidated and ascertained damages	(222,747)	(72,480)
At 31 December	20,196,011	13,464,642

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

### 17. Borrowings

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Current</b>				
Secured:				
Bridging loan	36,843,939	50,699,360	-	3,000,000
Term loans	44,848,908	22,898,757	-	-
Bank overdrafts	15,097,701	18,635,934	-	-
Finance lease liabilities	98,788	119,626	98,788	93,561
	96,889,336	92,353,677	98,788	3,093,561

## Notes to the Financial Statements

### 17. Borrowings (continued)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Non-current</b>				
Secured:				
Bridging loan	-	36,721,104	-	-
Term loans	123,866,766	106,202,114	-	-
Finance lease liabilities	269,830	371,034	269,830	368,618
	124,136,596	143,294,252	269,830	368,618
	221,025,932	235,647,929	368,618	3,462,179
<b>Secured:</b>				
Bridging loan	36,843,938	87,420,464	-	3,000,000
Term loans	168,715,675	129,100,871	-	-
Bank overdrafts	15,097,701	18,635,934	-	-
Finance lease liabilities	368,618	490,660	368,618	462,179
	221,025,932	235,647,929	368,618	3,462,179

The above credit facilities obtained are secured on the following:

- Assignment of surplus fund in the Housing Development Account of certain subsidiary companies;
- Assignment of Project Account for development of certain subsidiary companies;
- Trade financing general agreement;
- Letter of negative pledge;
- Blanket counter indemnity;
- Fixed charge and Private Caveat on investment and certain parcels of the projects development freehold and leasehold land as stated in Note 5, Note 6 and Note 9 to the financial statements;
- A registered Debenture covering a first fixed and floating charge for RM279,748,104 (2016: RM234,696,665) on all current and future assets of certain subsidiary companies;
- Fixed deposits pledge of certain subsidiary companies of the Group as disclosed in Note 14 to the financial statements; and
- Corporate guarantee for the subsidiary companies' borrowings by the Company.

The Group's term loans are repayable by monthly, quarterly or semi-annual instalments over 1 to 15 years (2016: 1 to 16 years).

Finance lease liabilities are effectively secured as rights to the leased asset will return to the lessor in the event of default. Finance lease liabilities payable are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Gross minimum lease payments</b>				
Payable within one year	114,684	143,839	114,684	114,684
Payable between one to five years	286,707	401,391	286,707	401,391
	401,391	545,230	401,391	516,075
Less: Future finance charges	(32,773)	(54,570)	(32,773)	(53,896)
	368,618	490,660	368,618	462,179
<b>Present value of finance lease liabilities</b>				
Repayable within one year	98,788	119,626	98,788	93,561
Repayable between one to five years	269,830	371,034	269,830	368,618
	368,618	490,660	368,618	462,179

Effective interest rate on finance lease liabilities is 2.43% (2016: 2.43%) per annum.

## Notes to the Financial Statements

### 18. Share capital

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Authorised</b>				
At 1 January	800,000,000	200,000,000	800,000,000	200,000,000
Abolishment of authorised share capital*	(800,000,000)	(200,000,000)	-	-
At 31 December	-	-	800,000,000	200,000,000
<b>Issued and fully paid</b>				
At 1 January	332,889,940	83,222,485	332,889,940	83,222,485
Transition to no par value regime*	-	35,965,970	-	-
Issuance of shares from warrant exercise	2,022,700	1,820,430	-	-
At 31 December	334,912,640	121,008,885	332,889,940	83,222,485

\* The new Companies Act, 2016 ("the Act") which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account and capital redemption reserve becomes part of the Company's share capital pursuant to the transition set out in Section 618(2) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of transaction.

During the financial year, the issued and paid-up share capital of the Company was increased from 332,889,940 ordinary shares to 334,912,640 ordinary shares by way of the issuance of 2,022,700 new ordinary shares for cash pursuant to the exercise of warrant at an exercise price of RM0.90 per ordinary share.

#### Warrants 2015/2020

On 2 September 2015, the Company allotted 166,444,970 bonus Warrants 2015/2020 on the basis of 1 Warrant for every 2 existing ordinary shares of RM0.25 each held in the Company. The Warrant 2015/2020 were listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 10 September 2015.

Each Warrant 2015/2020 entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 10 September 2015 till 4 September 2020, at an exercise price of RM0.90. Any Warrant 2015/2020 not exercised at the date of maturity will lapse and cease to be valid for any purpose. As at 31 December 2017, 164,422,270 (2016: 166,444,970) Warrant 2015/2020 remain unexercised.

The ordinary shares issued from the exercise of Warrants 2015/2020 shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, distributions or rights, if the entitlement date is prior to the date of the allotment of the new shares arising from the exercise of Warrants 2015/2020.

### 19. Treasury shares

	Group/Company			
	2017		2016	
	Number of shares RM	Amount RM	Number of shares RM	Amount RM
At 1 January	2,285,500	2,385,431	85,200	76,888
Shares purchased during the financial year	-	-	2,200,300	2,308,543
At 31 December	2,285,500	2,385,431	2,285,500	2,385,431

During the financial year, the Company repurchased Nil (2016: 2,200,300) of its issued share capital from the open market on Bursa Malaysia for Nil (2016: RM2,308,543). The average price paid for the shares repurchased was approximately Nil (2016: RM1.049) per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares as allowed for under Section 127 of the Companies Act, 2016. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

None of the treasury shares were sold or cancelled during the financial year.

## Notes to the Financial Statements

### 20. Reserves

	Group		Company	
	2017 RM	2016 RM Restated	2017 RM	2016 RM
<b>Non-distributable:</b>				
Share premium*	-	35,565,970	-	35,565,970
Foreign currency translation reserve	5,312,792	10,020,568	-	-
Capital reserve	19,706,095	19,706,095	-	-
Capital redemption reserve*	-	400,000	-	400,000
	25,018,887	65,692,633	-	35,965,970
<b>Distributable:</b>				
Retained profits	449,414,147	451,440,047	100,964,805	103,520,839
	474,433,034	517,132,680	100,964,805	139,486,809

\* The new Companies Act 2016 which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account and capital redemption reserve becomes part of the Company's share capital pursuant to the transition set out in Section 618(2) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of transaction.

(i) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(ii) Capital reserve

Capital reserve consists of a transfer from retained profits arising from bonus issue of shares in a subsidiary company and effect arising from deemed disposal of partial stakeholding in a subsidiary company.

### 21. Revenue

During the financial year, the Group and the Company derived revenue from the transfer of goods and services to customers in the following product lines:

	Property development RM	Group Trading and others RM	Total RM
<b>2017</b>			
Residential properties	78,309,745	-	78,309,745
Commercial properties	19,579,857	-	19,579,857
Property management fees	-	1,012,958	1,012,958
	97,889,602	1,012,958	98,902,560
Timing of revenue recognition			
- At a point in time	33,224,282	-	33,224,282
- Over time	64,665,320	1,012,958	65,678,278
	97,889,602	1,012,958	98,902,560



## Notes to the Financial Statements

### 21. Revenue (continued)

	Property development RM	Group Trading and others RM	Total RM
<b>2016</b>			
Residential properties	92,209,647	-	92,209,647
Commercial properties	49,810,168	-	49,810,168
Property management fees	-	710,510	710,510
	142,019,815	710,510	142,730,325
Timing of revenue recognition			
- At a point in time	67,577,742	-	67,577,742
- Over time	74,442,073	710,510	75,152,583
	142,019,815	710,510	142,730,325
		<b>Company</b>	
		<b>2017</b>	<b>2016</b>
		<b>RM</b>	<b>RM</b>
Management fees		3,164,500	3,106,000
Dividend income		9,814,290	9,880,000
		12,978,790	12,986,000
Timing of revenue recognition			
- Over time		3,164,500	3,106,000
- At a point in time		9,814,290	9,880,000
		12,978,790	12,986,000

Information on revenue recognised based on geographical regions is disclosed in Note 33 to the financial statements.

### 22. Cost of sales

	Group 2017 RM	2016 RM Restated
Property development costs	38,618,026	37,690,872
Cost of inventories sold	20,115,137	49,216,946
Others	847,663	5,176,128
Over provision in prior year	(3,749,011)	-
	55,831,815	92,083,946

## Notes to the Financial Statements

### 23. Profit from operations

Profit from operations is derived after charging/(crediting):

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Auditors' remuneration:				
- current year	228,511	226,104	46,000	45,000
- under provision in prior year	-	7,890	-	4,000
Net impairment/(reversal) of trade receivables	183,751	(182,660)	-	-
Depreciation on property, plant and equipment	320,931	343,343	132,456	142,937
Amortisation of contract assets	392,055	475,485	-	-
Gain on disposal of property, plant and equipment	(32,805)	(4,999)	(2,165)	-
Impairment loss on other receivables	-	2,604,374	-	-
Rental of:				
- equipment	59,732	100,884	8,398	16,551
- premises	409,803	416,680	116,891	74,565
Property, plant and equipment written off	27,946	40,472	17,630	40,472
Provision for liquidated and ascertained damages:				
- current year	8,332,086	3,499,292	-	-
- over provision in prior year	(222,747)	(72,480)	-	-
Realised foreign exchange loss	116,233	750,631	116,233	750,631
Unrealised foreign exchange (gain)/loss	(4,677,055)	6,292,832	-	-
Rental income	(477,321)	(425,921)	-	-
Finance income	(555,647)	(1,918,082)	(48,995)	(163,199)
Gain on changes in fair value of investment properties	-	(58,146,456)	-	-

### 24. Finance costs

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest expense on:				
- bridging and term loans	14,221,167	14,707,631	-	-
- finance lease liabilities	21,797	14,697	21,123	12,521
- others	53,000	148,400	-	-
	14,295,964	14,870,728	21,123	12,521

### 25. Taxation

	Group		Company	
	2017 RM	2016 RM Restated	2017 RM	2016 RM
Current taxation:				
- Current year	7,413,382	15,389,850	-	45,146
- Under provision in prior year	(2,096,260)	10,764,487	(26,555)	620,250
	5,317,122	26,154,337	(26,555)	665,396
Deferred taxation (Note 7):				
- Origination and reversal of temporary differences	(292,345)	3,177,805	(12,714)	(11,423)
- Under/(Over) provision in prior year	2,301,325	(5,061,988)	-	940
	2,008,980	(1,884,183)	(12,714)	(10,483)
	7,326,102	24,270,154	(39,269)	654,913

## Notes to the Financial Statements

### 25. Taxation (continued)

Income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the prevailing tax rates in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2017 RM	2016 RM Restated	2017 RM	2016 RM
Profit before taxation	16,383,891	66,726,001	7,322,830	9,046,688
Taxation at statutory tax rate of 24% (2016: 24%)	3,932,134	16,014,240	1,757,479	2,171,205
Effect of different tax rates in other countries	312,008	(33,234)	-	-
Effect of different tax rates under real property gains tax	(2,458,858)	(1,989,761)	-	-
Income not subject to tax	(11,794)	-	(2,355,430)	(2,371,200)
Non-deductible expenses	3,695,392	4,134,224	65,766	233,718
Change in unrecognised temporary differences	1,652,155	442,186	519,471	-
(Over)/Under provision of current taxation in prior year	(2,096,260)	10,764,487	(26,555)	620,250
Under/(Over) provision of deferred taxation in prior year	2,301,325	(5,061,988)	-	940
Taxation for the financial year	7,326,102	24,270,154	(39,269)	654,913

### 26. Earnings per share

#### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2017 RM	2016 RM Restated
Profit for the financial year attributable to Owners of the Company	10,680,588	44,208,636
Weighted average number of ordinary shares issued	332,012,090	331,151,457
Basic earnings per share (sen)	3.22	13.35

#### (b) Diluted earnings per share

Diluted earnings per share has been calculated based on the consolidated profit after taxation for the financial year attributable to owners of the Company for the Group and adjusted weighted average number of ordinary shares issued and issuable.

## Notes to the Financial Statements

### 26. Earnings per share (continued)

(b) Diluted earnings per share (continued)

	Group	
	2017 RM	2016 RM Restated
Profit for the financial year attributable to Owners of the Company	10,680,588	44,208,636
Weighted average number of ordinary shares in issue	332,012,090	331,151,457
Adjusted for assumed conversion of warrants	63,165,154	19,427,133
Adjusted weighted average number of ordinary shares in issue	395,177,244	350,578,590
Diluted earnings per share (sen)	2.70	12.61

### 27. Dividends

	Group/Company	
	2017 RM	2016 RM
Interim dividend paid in respect of financial year ended 31 December 2015:		
First single tier exempt dividend of 3.0 sen per share	-	9,918,733
Second single tier exempt dividend of 3.0 sen per share	9,918,133	-
	9,918,133	9,918,733

### 28. Key management personnel compensation

The key management personnel compensation is as follows:

	Group/Company	
	2017 RM	2016 RM
Directors' remuneration:		
Salaries and other emoluments	3,402,164	807,935
EPF	401,623	96,815
Socso	1,312	845
Bonus	50,000	-
Fees and meeting allowances	273,000	277,500
Estimated money value of benefits-in-kind	66,000	251,412
	4,194,099	1,434,507

### 29. Staff information

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Staff costs (excluding Directors) comprise:				
- charged to profit or loss	3,733,049	3,660,033	690,193	699,433
- capitalised under inventories – properties under development	458,606	730,888	-	-
	4,191,655	4,390,921	690,193	699,433

Included in staff costs are contributions made to the Employees Provident Fund under a defined contribution plan for the Group and the Company of RM453,052 and RM73,980 (2016: RM470,742 and RM74,993) respectively.

## Notes to the Financial Statements

### 30. Related party disclosures

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

The significant related party transactions of the Company, other than key management personnel compensation, are as follows:

	Company	
	2017 RM	2016 RM
Management fee received/receivable from subsidiary companies:		
Magna Park Sdn. Bhd.	350,000	350,000
Dunia Epik Sdn. Bhd.	150,000	150,000
Embassy Court Sdn. Bhd.	500	500
Magna Prima Construction Sdn. Bhd.	350,000	350,000
MPrima (Shah Alam) Sdn. Bhd.	150,000	150,000
Monetary Icon (M) Sdn. Bhd.	150,000	150,000
Magna Shah Alam Sdn. Bhd.	150,000	150,000
Magna Mix Sdn. Bhd.	500	500
Pembinaan Contamaju-Infocast Sdn. Bhd.	500	500
Crossborder Team (M) Sdn. Bhd.	150,000	150,000
Ibsul Development (Sel) Sdn. Bhd.	150,000	150,000
Permata Juang (M) Sdn. Bhd.	150,000	150,000
Magna City Development Sdn. Bhd.	150,000	150,000
Magna Prima Development Sdn. Bhd.	350,000	350,000
Amanabina Sdn. Bhd.	-	500
Magna Ecocity Sdn. Bhd.	350,000	350,000
Magna City Shah Alam Sdn. Bhd.	60,000	500
Winicon (M) Sdn. Bhd.	500	500
Twinicon (M) Sdn. Bhd.	500	500
33 Sentral Park Sdn. Bhd.	150,000	150,000
Everhall (M) Sdn. Bhd.	500	500
Magna Park (Mentakab) Sdn. Bhd.	500	500
Kontrakmal 1 (M) Sdn. Bhd.	-	500
Prima Awan (M) Sdn. Bhd.	500	500
Magna Prima Australia Pty. Ltd.	350,000	350,000
Pavilion Uptrend Sdn. Bhd.	500	500
	3,164,500	3,106,000

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group. Significant related party transactions with key management personnel is disclosed in Note 28.

### 31. Financial guarantees

	Company	
	2017 RM	2016 RM
Guarantees given to financial institutions for facilities granted to subsidiary companies:		
- Secured on assets of subsidiary companies	301,409,904	330,539,904
Guarantees given to trade payables for credit facilities of subsidiary companies		
- Unsecured	15,000,000	15,000,000
Limit of guarantees	316,409,904	345,539,904
Amount utilised by subsidiary companies	221,025,932	235,647,929

## Notes to the Financial Statements

### 32. Cash flow information

- (a) Purchase of property, plant and equipment

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cost of property, plant and equipment purchased	28,246	923,434	-	530,368
Less: finance lease financing	-	(507,000)	-	(507,000)
Cash payment	28,246	416,434	-	23,368

- (b) Reconciliation of liabilities arising from financing activities

	Finance lease liabilities RM	Bridging and term loans RM	Total RM
<b>Group</b>			
At 1 January 2017	490,660	216,521,335	217,011,995
Net cash flows in financing activities	(122,042)	(11,106,922)	(11,228,964)
Amortisation of transaction costs	-	145,200	145,200
At 31 December 2017	368,618	205,559,613	205,928,231
<b>Company</b>			
At 1 January 2017	462,179	3,000,000	3,462,179
Net cash flows in financing activities	(93,561)	(3,000,000)	(3,093,561)
At 31 December 2017	368,618	-	368,618

### 33. Segmental reporting

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

The reportable business segments of the Group comprise the following:

Properties	: Property development
Construction and Engineering	: Civil engineering and building construction
Manufacturing and Trading	: Manufacturing and trading in ready-mixed concrete
Others	: Investment holding and Property Management Services

Other non-reportable segments comprise operations to subsidiary companies which are dormant.

Segment revenue, results, assets and liabilities include items directly attributable to a segment and those where a reasonable basis of allocation exists. Inter-segment revenues are eliminated on consolidation.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Board of Directors. Segment total assets are used to measure the return of assets of each segment.

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Board of Directors.



## Notes to the Financial Statements

### 33. Segmental reporting (continued)

2017	Properties RM	Construction Engineering RM	Manufacturing and Trading RM	Others RM	Non- reportable Segments RM	Inter- segment eliminations RM	Total RM
<b>Revenue</b>							
External revenue	99,946,199	(2,056,597)	-	1,012,958	-	-	98,902,560
Inter-segment revenue	-	22,215,130	-	13,185,486	-	(35,400,616)	-
Total revenue	99,946,199	22,158,533	-	14,198,444	-	(35,400,616)	98,902,560
<b>Results</b>							
Finance income	463,090	23,822	-	65,786	2,949	-	555,647
Finance cost	(10,259,942)	-	-	(21,797)	(4,014,225)	-	(14,295,964)
Depreciation	(3,851)	(46,131)	(916)	(270,033)	-	-	(320,931)
Net impairment loss of trade receivables	-	-	183,751	-	-	-	183,751
Taxation	(5,476,356)	(894,093)	(7,359)	39,269	2,458,858	(3,446,421)	(7,326,102)
Segment profit/(loss)	1,454,987	7,226,554	(229,931)	6,560,491	(7,528,581)	1,574,269	9,057,789
<b>Assets</b>							
Segment assets	1,179,154,256	102,128,728	5,532,077	604,992,401	151,362,980	(1,075,981,753)	967,188,689
<b>Liabilities</b>							
Segment liabilities	670,063,091	104,082,925	8,942,890	380,080,198	114,839,247	(909,367,352)	368,640,999
<b>2016</b>							
<b>Revenue</b>							
External revenue	142,019,815	-	-	710,510	-	-	142,730,325
Inter-segment revenue	52,631,350	92,944,216	-	13,184,332	-	(158,759,898)	-
Total revenue	194,651,165	92,944,216	-	13,894,842	-	(158,759,898)	142,730,325
<b>Results</b>							
Finance income	1,750,495	2,545	-	165,042	-	-	1,918,082
Finance cost	(12,004,972)	-	(260)	(14,437)	(2,851,059)	-	(14,870,728)
Depreciation	(5,279)	(55,623)	(9,101)	(273,340)	-	-	(343,343)
Net reversal of impairment of trade receivables	7,766	-	174,894	-	-	-	182,660
Impairment loss on other receivables	(2,604,374)	-	-	-	-	-	(2,604,374)
Taxation	(6,006,174)	(7,767,683)	-	(654,913)	(9,841,384)	-	(24,270,154)
Segment profit/(loss)	(793,378)	3,538,816	82,352	7,400,885	36,463,900	(4,236,728)	42,455,847
<b>Assets</b>							
Segment assets	1,174,137,450	137,729,542	5,947,392	580,987,587	162,337,904	(1,037,666,643)	1,023,473,232
<b>Liabilities</b>							
Segment liabilities	652,867,822	146,910,293	9,128,274	354,538,172	118,146,974	(860,713,683)	420,877,852

## Notes to the Financial Statements

### 33. Segmental reporting (continued)

#### Geographical segments

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets. The amount of non-current assets does not include financial instruments and deferred tax assets.

	Malaysia RM	Australia RM	Total RM
<b>2017</b>			
Revenue	83,902,097	15,000,463	98,902,560
Profit before tax	11,153,147	5,230,744	16,383,891
Non-current assets	615,193,326	809,176	616,002,502
<b>2016</b>			
Revenue	91,590,833	51,139,492	142,730,325
Profit before tax	67,279,930	(553,929)	66,726,001
Non-current assets	615,158,834	2,370,987	617,529,821

### 34. Financial instruments

The table below provides an analysis of financial instruments and their categories:

	Group 2017 Loans and receivables/ other financial liabilities RM	Group 2016 Loans and receivables/ other financial liabilities RM	Company 2017 Loans and receivables/ other financial liabilities RM	Company 2016 Loans and receivables/ other financial liabilities RM
<b>Financial assets</b>				
Trade receivables	28,050,424	29,687,142	-	-
Other receivables	8,767,466	12,393,011	633,304	414,362
Amount owing by subsidiary companies	-	-	432,416,642	404,824,527
Cash and cash equivalents (excluding bank overdrafts)	13,207,194	35,298,319	482,008	4,649,814
	50,025,084	77,378,472	433,531,954	409,888,703
<b>Financial liabilities</b>				
Trade payables	41,072,649	38,987,632	-	-
Other payables	32,360,522	59,651,672	1,485,654	239,534
Amount owing to subsidiary companies	-	-	371,405,535	344,517,160
Borrowings	221,025,932	235,647,929	368,618	3,462,179
	294,459,103	334,287,233	373,259,807	348,218,873

#### Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity risk and market risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

#### Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from trade and other receivables and intercompany receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of trade receivables ageing. At reporting date, there were no significant concentrations of credit risk except as disclosed in Note 8 to the financial statements. The Group monitors the results of the related parties regularly to safeguard credit risk on balances from intercompany receivables.

## Notes to the Financial Statements

### 34. Financial instruments (continued)

#### Credit risk (continued)

The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statement of financial position.

#### Liquidity risk

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

Cash flow forecasting is performed by monitoring the Group's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Below 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
<b>31.12.2017</b>							
<b>Group</b>							
Trade payables	41,072,649	-	41,072,649	41,072,649	-	-	-
Other payables	32,360,522	-	32,360,522	32,360,522	-	-	-
Bridging loan	36,843,938	6.03 - 6.08	37,323,205	37,323,205	-	-	-
Term loans	168,715,675	7.16 - 8.50	226,976,794	64,540,097	55,595,216	45,270,476	61,571,005
Bank overdraft	15,097,701	7.85	15,097,701	15,097,701	-	-	-
Finance lease liabilities	368,618	2.62	401,391	114,684	114,648	172,023	-
	294,459,103		353,232,262	190,508,858	55,709,900	45,442,499	61,571,005
<b>Company</b>							
Other payables	1,485,654	-	1,485,654	1,485,654	-	-	-
Amount owing to subsidiary companies	371,405,535	-	371,405,535	371,405,535	-	-	-
Finance lease liabilities	368,618	2.62	401,391	114,684	114,684	172,023	-
	373,259,807		373,292,580	373,005,873	114,684	172,023	-
<b>31.12.2016</b>							
<b>Group</b>							
Trade payables	38,987,632	-	38,987,632	38,987,632	-	-	-
Other payables	59,651,672	-	59,657,672	59,657,672	-	-	-
Bridging loan	87,420,464	5.95 - 6.25	88,998,153	51,448,229	37,549,924	-	-
Term loans	129,100,871	7.35 - 8.35	137,805,213	27,954,948	28,905,568	35,858,312	45,086,385
Bank overdraft	18,635,934	7.85	18,635,934	18,635,934	-	-	-
Finance lease liabilities	490,660	2.43 to 2.62	545,230	143,839	143,839	257,552	-
	334,287,233		344,629,834	196,828,254	66,599,331	36,115,864	45,086,385
<b>Company</b>							
Other payables	239,534	-	239,534	239,534	-	-	-
Amount owing to subsidiary companies	344,517,160	-	344,517,160	344,517,160	-	-	-
Bridging loan	3,000,000	5.95	3,093,561	3,093,561	-	-	-
Finance lease liabilities	462,179	2.62	516,075	114,684	114,684	286,707	-
	348,218,873		348,366,330	347,964,939	114,684	286,707	-

## Notes to the Financial Statements

### 34. Financial instruments (continued)

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value risk that may affect the Group's financial position and cash flows. The Group is not significantly affected by foreign exchange rate and price risks.

#### (a) Foreign exchange risk

The Group is exposed to foreign currency risk on advances that are denominated in a currency other than the respective functional currencies of the Group's entities. The Group's exposure primarily arises from Ringgit Malaysia and is not material as the Group's functional currency is denominated in Ringgit Malaysia. Hence, sensitivity analysis is not presented.

#### (b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from borrowings and deposits. The Group does not hedge the interest rate risk.

#### Exposure to interest rate risk

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

	<b>Group</b>	
	<b>2017 RM</b>	<b>2016 RM</b>
<b>Fixed rate instruments</b>		
Financial assets	9,128,340	20,123,780
Financial liabilities	(368,618)	(490,660)
	<b>8,759,722</b>	<b>19,633,120</b>
<b>Floating rate instruments</b>		
Financial liabilities	(220,657,314)	(235,157,269)
	<b>Company</b>	
	<b>2017 RM</b>	<b>2016 RM</b>
<b>Fixed rate instruments</b>		
Financial assets	230,318	533,370
Financial liabilities	(368,618)	(462,179)
	<b>(138,300)</b>	<b>71,191</b>
<b>Floating rate instruments</b>		
Financial liabilities	-	(3,000,000)

Since the Group's and the Company's fixed rate financial assets and liabilities are measured at amortised cost, possible changes in interest rates are not expected to have a significant impact on the Group's and the Company's profit or loss.

As at 31 December 2017, if interest rates of floating rate instruments had been lower by 25 basis points ("bp") with all other variables held constant, this will result in post-tax increases of the Group and the Company of RM419,249 and Nil (2016: RM446,799 and RM5,700) in profit or loss.

## Notes to the Financial Statements

### 34. Financial instruments (continued)

#### Fair value information

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

The carrying amount of long term borrowings carried on the statement of financial position reasonably approximates fair value as it is a floating rate instrument that is re-priced to market interest rates on or near the reporting date.

The Group and the Company do not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled. Therefore, the fair value hierarchy is not presented.

### 35. Capital management

The objective of the Group on capital management is to ensure that it maintains a strong credit rating and safeguard the Group's ability to continue as a going concern, so as to support its business, maintain the market confidence and maximise shareholder value.

The Group monitors the capital using gearing ratio, which is net borrowings divided by equity attributable to owners of the Company. The Group's policy is to keep the gearing ratio within reasonable levels.

	2017 RM	2016 RM
Total interest bearing borrowings	221,025,932	235,647,929
Less: Cash and cash equivalents	(13,207,194)	(35,298,319)
Net borrowings	207,818,738	200,349,610
Equity attributable to owners of the Company	593,056,488	597,969,734
Gearing ratio	0.35	0.34

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

### 36. Material litigation

#### Ibsul Development (SEL) Sdn. Bhd. vs Perbadanan Kemajuan Negeri Selangor

On 19 May 2015, Ibsul Development (SEL) Sdn. Bhd. ("Ibsul") filed an action against Perbadanan Kemajuan Negeri Selangor ("PKNS") at the High Court of Shah Alam via Writ Summon of Claim. The three main claims by Ibsul were for:

Declaration on unlawfully termination of the SPA dated 5 August 2009; order for specific performance to complete the SPA; and to obtain an injunction to restrain PKNS from dealing with land of Plot B.

PKNS had replied with their Defence on 1 June 2015.

On 9 July 2015, Ibsul has filed for Discovery Application at High Court against PKNS and Land Office by compelling PKNS to produce minutes and other related documentation on the re-consideration on the purchase price of Plot B land.

On 17 August 2015, the learned Judge had allowed the Discovery application in so far as the documents, emails and correspondences are concerned. However, the Judge did not allow the disclosure of the minutes.

## Notes to the Financial Statements

### 36. Material litigation (continued)

#### Ibsul Development (SEL) Sdn. Bhd. vs Perbadanan Kemajuan Negeri Selangor (continued)

On 9 November 2015, mediation was adjourned by the request of PKNS to further obtain an instruction from the State Government of Selangor to enter into a Joint Venture ("JV") Agreement with Ibsul the discussion of the proposal on an out of court settlement by way of JV Agreement was held on 18 November 2015. However, Ibsul is not agreeable on the proposed terms of the said JV agreement and instructed its solicitors to proceed with a trial.

On 30 June 2016 the High Court had awarded Judgement in favour of PKNS by dismissing Ibsul's application on Specific Performance to complete the purchase of Plot B land. In light to the above, Ibsul had instructed its solicitors to file an application of Appeal in Court of Appeal against the decision of the High Court Judge and on Injunction on PKNS to restrain them from disposing the said land pending the decision of the Appeal.

On 13 December 2016, the Court of Appeal has dismissed Ibsul's claim and upheld the decision of High Court as valid, thereof ordered Ibsul to surrender the Plot B land and PKNS to refund back the purchase price.

Ibsul has decided to proceed the matter further to Federal Court by instructing their solicitors to file the leave application.

As at 31 December 2017, the Group had recognised an impairment for the irrecoverable prepayment made as disclosed in Note 11 to the financial statements.

### 37. Prior year adjustments

During the financial year, the Group discovered that the carrying value of inventory of a subsidiary in Australia was overstated in financial year ended 2015 and 2016. The overstatement of inventory was attributable to errors in the allocation of cost for certain apartments that were sold in year 2015 and 2016. Consequently, retrospective adjustments have been made.

The effect of changes in the Group's financial statements are as follows:

	As previously stated RM	Adjustments RM	As restated RM
<b>Statements of financial position (extract)</b>			
<b>Group</b>			
<b>As at 1 January 2016</b>			
Inventories	339,200,865	(964,552)	338,236,313
Tax recoverable	1,875,090	289,366	2,164,456
Reserves	(477,077,403)	675,186	(476,402,217)
<b>As at 31 December 2016</b>			
Inventories	311,014,391	(6,645,893)	304,368,498
Tax recoverable	998,169	1,993,766	2,991,935
Reserves	(521,784,807)	4,652,127	(517,132,680)
<b>Statements of profit or loss &amp; other comprehensive income for the year ended 31 December 2016 (extract)</b>			
<b>Group</b>			
Cost of sales	(86,712,718)	(5,371,228)	(92,083,946)
Tax expense	(25,881,521)	1,611,367	(24,270,154)
Exchange differences arising from translation of foreign operations	6,657,640	(217,080)	6,440,560



# PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2017

Registered Owner	Location	Description and Existing Use	Tenure	Land / Built-up Area (Sq.ft.)	Age of Property / Building	Carrying Amount RM	Date of acquisition / Revaluation
Dunia Epik Sdn Bhd	H.S. (D) 6614 PT 4211, Mukim Mentakab, Daerah Temerloh	Semi - Detached House	Leasehold (Expiring on 2088)	3,249	26 years	84,079	-
Magna Ecocity Sdn Bhd	H.S.(D) 16667, Lot PT12, Seksyen 15, Bandar Shah Alam, District of Petaling, Selangor Darul Ehsan.	Development Land	Leasehold (Expiring on 27.09.2083)	871,200	-	127,842,795	June 2012
33 Sentral Park Sdn Bhd	H.S (D) 16678 PT320, Mukim Kuala Lumpur, Daerah Petaling, Selangor Darul Ehsan.	Development Land	Freehold	302,996	-	65,099,670	September 2009
	H.S (D) 16679 PT321, Mukim Kuala Lumpur, Daerah Petaling Selangor Darul Ehsan.						
Twinicon (M) Sdn Bhd	Lot 124 - 128 GRN Nos. 4628 - 4632 Section 44 Town and District of KL, Wilayah Persekutuan Kuala Lumpur.	Investment property	Freehold	113,963	-	382,000,000	June 2016
Magna Park (Mentakab) Sdn Bhd	H.S.(D) 10059-10060, 10065-10066, 10094-10099, 10112-10113, 10115-10147, 10149-10154 , Mukim Mentakab, Daerah Termerloh, Pahang Darul Makmur.	Investment property	Leasehold (Expiring on 13.06.2090)	481,620	-	7,519,000	July 2016
Everhall (M) Sdn Bhd	Lot No. 80791, Mukim of Batu, District of KL, Wilayah Persekutuan, Kuala Lumpur.	Investment property	Freehold	246,189	1 year	143,600,000	July 2016

# ANALYSIS BY SIZE OF SHAREHOLDINGS

AS AT 30 MARCH 2018

Total Number of Issued Shares	: 334,912,640
Issued Share Capital	: RM83,728,160
Class of Shares	: Ordinary Shares
Number of Shareholders	: 1,157
Voting Right	: 1 vote per Ordinary Share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	11	0.95	148	0.00
100 to 1,000	72	6.22	42,440	0.01
1,001 to 10,000	652	56.35	3,439,084	1.03
10,001 to 100,000	304	26.27	9,666,460	2.89
100,001 to less than 5% of issued shares	116	10.03	173,874,568	51.92
5% and above of issued shares	2	0.17	147,889,940	44.16
<b>TOTAL</b>	<b>1,157</b>	<b>100.00</b>	<b>334,912,640</b>	<b>100.00</b>

## THIRTY (30) LARGEST SHAREHOLDERS AS AT 30 MARCH 2018

No. Names	Shareholdings	%
1 MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR PRISMA PELANGI SDN BHD	102,889,940	30.72
2 FANTASTIC REALTY SDN BHD	45,000,000	13.44
3 TOP FRESH FOODS (M) SDN BHD	15,070,000	4.50
4 MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAHADIAN MAHMUD BIN MOHAMMAD KHALIL	12,000,000	3.58
5 MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SHU SHUN (MARGIN)	9,671,200	2.89
6 LEE EQUITY HOLDINGS SDN.BHD.	9,511,600	2.84
7 MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAHADIAN MAHMUD BIN MOHAMMAD KHALIL	8,400,000	2.51
8 CHUA SEONG HEN	6,074,000	1.81
9 CHUN MEI NGOR	5,992,800	1.79
10 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE EQUITY HOLDINGS SDN BHD	5,950,000	1.78
11 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH PEE LEONG	5,604,500	1.67
12 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR JOAN YONG MUN CHING (SMART)	5,500,000	1.64
13 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JOAN YONG MUN CHING	5,144,300	1.54
14 MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN PEI GEN DARLENE	5,000,000	1.49

**ANALYSIS BY SIZE OF SHAREHOLDINGS**

AS AT 30 MARCH 2018

**THIRTY (30) LARGEST SHAREHOLDERS AS AT 30 MARCH 2018 (CONTINUED)**

No. Names	Shareholdings	%
15 MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOON NYUK LING	5,000,000	1.49
16 LEE KUNG WAH	4,000,000	1.19
17 CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JOAN YONG MUN CHING	3,880,000	1.16
18 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHUN MEI NGOR (SMART)	3,813,400	1.14
19 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENRY WAN	3,799,900	1.13
20 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KIM LENG	3,384,900	1.01
21 KOK SEW HONG	2,992,200	0.89
22 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUN MEI NGOR	2,606,400	0.78
23 LEE CHOON HOOI	2,571,800	0.77
24 PLY CENTURY SDN BHD	2,400,000	0.72
25 MAGNA PRIMA BERHAD SHARE BUY BACK ACCOUNT	2,285,500	0.68
26 HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO LTD (SINGAPORE BCH)	2,000,000	0.60
27 LEE KUNG MENG	1,900,000	0.57
28 LING KIONG KOK	1,827,800	0.55
29 MAGNA PRIMA BERHAD	1,638,000	0.49
30 WONG KICHIN	1,627,900	0.49
<b>TOTAL</b>	<b>287,536,140</b>	<b>85.85</b>

## ANALYSIS BY SIZE OF SHAREHOLDINGS

AS AT 30 MARCH 2018

### DIRECTORS' SHAREHOLDINGS AS AT 30 MARCH 2018

Names	Direct	%	Indirect	%
Tan Sri Datuk Adzmi bin Abdul Wahab	-	-	-	-
Datuk Seri Rahadian Mahmud bin Mohammad Khalil	21,400,000	6.39	-	-
Ho Wen Yan	-	-	102,889,940	30.72
Sazali bin Saad	-	-	-	-
Cheong Choi Yoon	-	-	-	-
Chang Chee Kok	-	-	-	-
Low Yew Shen	-	-	-	-

### SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 30 MARCH 2018

No	Name of Substantial Shareholder	No. of shares held			
		Direct	%	Indirect	%
1.	Prisma Pelangi Sdn Bhd	102,889,940	30.72	-	-
2.	Fantastic Realty Sdn Bhd	45,000,000	13.44	-	-
3.	Datuk Seri Rahadian Mahmud bin Mohammad Khalil	21,400,000	6.39	-	-
4.	Lee Hing Lee	-	-	45,000,000 <sup>#</sup>	13.44
5.	Lee Siong Hai	257	0.07	45,000,000 <sup>^^</sup>	13.44
6.	Heng Holdings Sdn Bhd	-	-	102,889,940 <sup>**</sup>	30.72
7.	Hua Yang Berhad	-	-	102,889,940 <sup>**</sup>	30.72
8.	Ho Wen Yan	-	-	102,889,940 <sup>**</sup>	30.72
9.	Ho Wen Han	-	-	102,889,940 <sup>**</sup>	30.72
10.	Ho Wen Fan	-	-	102,889,940 <sup>**</sup>	30.72
11.	Ho Min Yi	-	-	102,889,940 <sup>**</sup>	30.72
12.	Chew Po Sim	-	-	102,889,940 <sup>**</sup>	30.72

<sup>#</sup> Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd and Top Fresh Foods (M) Sdn Bhd pursuant to the Companies Act, 2016

<sup>^^</sup> Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd pursuant to the Companies Act, 2016

<sup>\*\*</sup> Deemed interested by virtue of his substantial shareholding in Prisma Pelangi Sdn Bhd pursuant to Companies Act, 2016

# ANALYSIS OF WARRANT HOLDINGS

AS AT 30 MARCH 2018

No. of Warrants 2015/2020 issued	:	166,444,970
Exercise Price	:	RM0.90 for one ordinary share of RM0.25 each.
Exercise Rights	:	Each warrant entitles the holder to subscribe for one new ordinary share of RM0.25 each at the Exercise Price shall be satisfied fully in cash.
Exercise Period	:	7 September 2015 to 4 September 2020
No. of Warrants exercised	:	2,022,700
No. of Warrants unexercised	:	164,422,270

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Less than 100	40	3.98	1,790	0
100 to 1,000	72	7.16	41,454	0.03
1,001 to 10,000	628	62.43	2,404,690	1.46
10,001 to 100,000	177	17.59	6,025,188	3.66
100,001 to less than 5% of issued shares	87	8.65	112,636,148	68.50
5% and above of issued shares	2	0.20	43,313,000	26.34
<b>TOTAL</b>	<b>1,006</b>	<b>100.00</b>	<b>164,422,270</b>	<b>100.00</b>

## THIRTY (30) LARGEST WARRANTS HOLDERS AS AT 30 MARCH 2018 (AS PER RECORD OF DEPOSITORS)

No. Names	No. of Warrants Held	% of Warrants
1 FANTASTIC REALTY SDN BHD	34,000,000	20.68
2 CHUN YEE YING	9,313,000	5.66
3 TOP FRESH FOODS (M) SDN BHD	7,535,000	4.58
4 MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAHADIAN MAHMUD BIN MOHAMMAD KHALIL	6,500,000	3.95
5 MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SHU SHUN (MARGIN)	6,468,100	3.93
6 AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHUN MEI NGOR (M10)	5,381,200	3.27
7 LEE EQUITY HOLDINGS SDN.BHD.	4,755,800	2.89
8 LEE KONG MENG	4,280,000	2.60
9 MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAHADIAN MAHMUD BIN MOHAMMAD KHALIL	4,200,000	2.55
10 YAP FATT THAI	4,057,500	2.47
11 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JOAN YONG MUN CHING	3,694,750	2.25
12 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH PEE LEONG	3,642,950	2.22
13 SELVARAJ A/L Y SUBRAMANIAM	3,538,500	2.15
14 KOK SEW HONG	3,241,600	1.97
15 CHUA SEONG HEN	3,037,000	1.85
16 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE EQUITY HOLDINGS SDN BHD	2,975,000	1.81

**ANALYSIS OF WARRANT HOLDINGS**

AS AT 30 MARCH 2018

**THIRTY (30) LARGEST WARRANTS HOLDERS AS AT 30 MARCH 2018  
(AS PER RECORD OF DEPOSITORS) (CONTINUED)**

No. Names	Shareholdings	%
17 KOK SIEW HWA	2,618,050	1.59
18 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR JOAN YONG MUN CHING (SMART)	2,600,000	1.58
19 CHUN MEI NGOR	2,500,000	1.52
20 MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN PEI GEN DARLENE	2,500,000	1.52
21 MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOON NYUK LING	2,500,000	1.52
22 CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JOAN YONG MUN CHING (473650)	2,360,000	1.44
23 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHUN MEI NGOR (SMART)	1,909,200	1.16
24 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUN MEI NGOR	1,876,250	1.14
25 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KIM LENG	1,809,600	1.10
26 LEE KUNG MENG	1,713,900	1.04
27 LEE KUNG WAH	1,620,000	0.99
28 CHUN MEI NGOR	1,506,000	0.92
29 PLY CENTURY SDN BHD	1,200,000	0.73
30 LEE CH'NG FAH	1,162,100	0.71
<b>TOTAL</b>	<b>134,495,500</b>	<b>81.80</b>

**DIRECTORS' INTEREST IN WARRANTS 2015/2020 AS AT 30 MARCH 2018  
(AS PER REGISTER OF DIRECTORS' WARRANT HOLDINGS)**

Names	Direct Interest Warrant Holdings	%	Indirect Interest Warrant Holdings	%
Tan Sri Datuk Adzmi bin Abdul Wahab	-	-	-	-
Datuk Seri Rahadian Mahmud bin Mohammad Khalil	*10,700,000	6.50	-	-
Ho Wen Yan	-	-	-	-
Sazali bin Saad	-	-	-	-
Cheong Choi Yoon	-	-	-	-
Chang Chee Kok	-	-	-	-
Low Yew Shen	-	-	-	-

\* Includes warrants held through nominee companies



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty Third Annual General Meeting ("AGM") of Magna Prima Berhad ("Magna Prima") will be held at Ideal Convention Centre - IDCC Shah Alam, Level 7, Jalan Pahat L 15/L, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan on Wednesday, 6 June 2018 at 10.00 a.m. for the following purposes:

## As Ordinary Business:

- |   |                     |
|---|---------------------|
| 1. To receive the audited financial statements for the financial year ended 31 December 2017 and the Reports of the Directors and Auditors thereon.   |                     |
| 2. To re-elect the following Directors who shall retire in accordance with Article 100 of the Company's Articles of Association:  |                     |
| i. Ybhg Datuk Seri Rahadian Mahmud bin Mohammad Khalil  | <b>Resolution 1</b> |
| ii. Mr. Chang Chee Kok  | <b>Resolution 2</b> |
| 3. To re-elect Mr. Low Yew Shen who shall retire in accordance with Article 105 of the Company's Articles of Association.   | <b>Resolution 3</b> |
| 4. To approve the payment of Directors' fees of RM246,000 for the financial year ended 31 December 2017.  | <b>Resolution 4</b> |
| 5. To approve the payment of Directors' fees up to RM348,500 in respect of the period from 1 January 2018 until the conclusion of the next Annual General Meeting of the Company.   | <b>Resolution 5</b> |
| 6. To approve the payment of a meeting attendance allowance of RM500 per meeting to the Non-Executive Directors and leave passage allowance of RM12,000 per annum to the Chairman for the period from 1 January 2018 until the conclusion of the next AGM of the Company. | <b>Resolution 6</b> |
| 7. To re-appoint Messrs Morison Anuarul Azizan Chew (AF 001977) as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Board of Directors to fix their remuneration.  | <b>Resolution 7</b> |

## AS SPECIAL BUSINESS:

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

### 8. Retention of Independent Non-Executive Directors

"THAT approval be and is hereby given to the following Directors who have served as 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":-

- a. YBhg Tan Sri Datuk Adzmi bin Abdul Wahab
- b. En Sazali bin Saad

**Resolution 8**  
**Resolution 9**

### 9. Authority to Allot and Issue Shares in General Pursuant to Section 76 of the Companies Act, 2016 **Resolution 10**

"THAT pursuant to Section 76 of the Companies Act, 2016 and subject always to the approval of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised to issue shares in the Company, at any time, until the conclusion of the next AGM of the Company, to such person or persons whomsoever, upon such terms and conditions as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed 10% of the issued share capital of the Company for the time being."

## Notice of Annual General Meeting

### 10. Proposed renewal of authority to purchase own shares ("Proposed Renewal of Share Buy-Back")

### Resolution 11

"THAT subject to the provisions under the Act, the Memorandum and Articles of Association of Magna Prima, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to this resolution shall not exceed 10% of the total issued share capital of the Company at any time and an amount not exceeding the total retained profits based on the audited financial statements for the financial year ended 31 December 2017 allocated by the Company for the Proposed Renewal of Share Buy-Back;

THAT the ordinary shares of the Company to be purchased are proposed to be cancelled and/or retained as treasury shares and either subsequently to be cancelled, distributed as dividends or re-sold on Bursa Securities;

THAT the authority conferred by the resolution will be effective immediately from the passing of this ordinary resolution until:-

- i. the conclusion of the next AGM of Magna Prima in 2019 at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or
- ii. the expiration of the period within which the next AGM after that date is required by law to be held; or
- iii. revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first,

AND THAT the Directors of the Company be and are hereby authorised to take all such steps in order to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back with full powers to assent to any conditions, modifications, changes, variations and/or amendments or as a consequence of any such requirement by the relevant authorities or as may be deemed necessary and/or expedient in the best interests of the Company."

By order of the Board

**YUEN YOKE PING** (MAICSA 7014044)

Company Secretary

Shah Alam

Date: 27 April 2018

#### Notes:

1. A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf.
2. A proxy need not be a member of the Company.
3. Where the member of the Company appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
4. If the proxy is executed by a corporation, the Form of Proxy must be under its common seal or the hand of an officer or attorney duly authorised.
5. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Lot 4.01, Level 4, IDCC Corporate Tower, Jalan Pahat L 15/L, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned Meeting.
6. Depositors who appear in the Record of Depositors as at 31 May 2018 shall be regarded as member of the Company entitled to attend the Twenty Third Annual General Meeting or appoint a proxy to attend and vote on his behalf.

# Notice of Annual General Meeting

## ***Explanatory Notes Business:***

### **1. Audited Financial Statements for the financial year ended 31 December 2017**

This Agenda item is meant for discussion only as Section 340(1) of the Act does not require the Audited Financial Statements to be formally approved by the shareholders. Hence, this Agenda item is not put forward for voting.

### **2. Resolution 8 & 9**

YBhg Tan Sri Datuk Adzmi bin Abdul Wahab and En Sazali bin Saad have served the Board as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. Both the Nomination Committee and the Board have recommended the two (2) Non – Executive Directors to continue to act as Independent Non-Executive Director based on the following justifications by passing the Ordinary Resolutions 8 and 9 :-

- a. They have fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirement of Bursa Securities , and thus, they are able to provide check and balance and bring an element of objectivity to the Board;
- b. They have vast experience in a diverse range of businesses and therefore would be able to provide constructive opinion, exercise independent judgement and have the ability to act in the best interest of the Company;
- c. They have devoted sufficient time and attention to their professional obligations for informed and balanced decision making;
- d. They have continued to exercise independence and due care during their tenure as an Independent Non-Executive Director of the Company and carried out their professional duties in the best interest of the Company and shareholders; and
- e. They have shown great integrity of independence and had not entered into any related party transaction with the Company.

### **3. Resolution 10**

The Ordinary Resolution 10, if passed, will give the Directors of the Company, from the date of the above General Meeting, authority to issue and allot ordinary shares from the issued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in General Meeting expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 24 May 2017. The Company has not issued any new share which was approved at the Twenty Second AGM held on 24 May 2017 and which will lapse at the conclusion of the forthcoming Twenty Third AGM. The renewal of the general mandate, if granted, is to provide flexibility to the Company to issue new securities without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions.

### **4. Resolution 11**

The Ordinary Resolution 11, if passed, will empower the Directors to purchase Magna Prima shares through Bursa Securities of up to 10% of the total issued and paid-up share capital of the Company. The details on Ordinary Resolution 11 on the Proposed Renewal of Share Buy-Back is contained in the Share Buy-Back Statement as set out in this Annual Report.

# SHARE BUY-BACK STATEMENT

## PROPOSED RENEWAL OF AUTHORITY FOR MAGNA PRIMA TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF ITS ISSUED AND PAID-UP SHARE CAPITAL ("PROPOSED RENEWAL OF SHARE BUY-BACK")

### 1. INTRODUCTION

On 20 May 2015, the Company had obtained approval from the shareholders of the Company to purchase its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company. The said authority will lapse at the conclusion of this forthcoming Annual General Meeting ("AGM").

It is the intention of the Company to renew the authority to purchase its own shares by way of an ordinary resolution.

The purpose of this Statement is to provide you with the relevant information on the Proposed Renewal of Share Buy-Back and to accordingly seek your approval for the ordinary resolution pertaining to the same to give effect to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming AGM. The Notice of the AGM together with the Proxy Form is set out in this Annual Report.

### 2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Board proposes to seek shareholders' approval for a renewal of the authority to purchase and/or hold in aggregate of up to 10% of the issued and paid-up share capital of the Company at any point of time through Bursa Securities.

Based on the issued and paid-up share capital of Magna Prima as at 30 March 2018 of 334,912,640 Magna Prima shares, a total of 33,491,264 Magna Prima shares may be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back, assuming no options are granted and exercised under the Company's existing Employees Share Option Scheme (ESOS) and the Warrants 2015/2020 are not exercised.

Such authority, if so approved, would be effective upon the passing of this ordinary resolution until:-

- i. the conclusion of the next AGM of Magna Prima in 2019 at which time such authority would lapse unless renewed by ordinary resolution passed at that meeting, either unconditionally or subject to conditions; or
- ii. the expiration of the period within which the next AGM after that date is required by law to be held; or
- iii. the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

The purchase of shares under the Proposed Renewal of Share Buy-Back will be carried out through Bursa Securities via stockbrokers to be appointed by the Board.

The Board proposes to allocate funds up to an amount of the retained profit of the Company for the purchase of its own shares subject to the compliance of the Companies Act, 2016 ("Act") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase. Based on the latest audited financial statements of Magna Prima as at 31 December 2017, the retained profits amounted to approximately RM449,414,147.

The Proposed Renewal of Share Buy-Back will allow the Board to exercise the power of the Company to purchase its own shares at any time within the abovementioned period using the internal funds of the Group and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later, depending on, amongst others, the availability of internally generated funds, the actual number of shares to be purchased and other relevant factors. The actual number of shares to be purchased and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained profits, account and the financial resources available to the Group.

If the Company purchases its own shares using external borrowings, the Board will ensure that the Group has sufficient funds to repay the external borrowings and that the repayment would not have any material effect on the cash flow of the Group.

## Share Buy-Back Statement

### 2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONTINUED)

Magna Prima may only purchase its own shares at a price which is not more than 15% above the weighted average market price of the Magna Prima shares for the 5 market days immediately prior to the date of the purchase.

The Company may only resell the purchased shares held as treasury shares at a price, which is:-

- a. not less than the weighted average market price of the shares for the 5 market days immediately prior to the date of the resale; or
- b. a discounted price of not more than 5% to the weighted average market price of the shares for the 5 market days immediately prior to the date of the resale, provided that the resale takes place no earlier than 30 days from the date of the purchase; and the resale price is not less than the cost of purchase of the shares being resold.

The Company shall, upon each purchase or re-sale of shares, make the necessary announcements to Bursa Securities.

The purchased Magna Prima shares held as treasury shares may be dealt with by the Board, in the following manner:-

- i. to cancel the purchased shares;
- ii. to retain the purchased shares as treasury shares for distribution as share dividends to the shareholders and/or resell the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- iii. a combination of (i) and (ii) above.

The decision whether to retain the purchased shares as treasury shares, to cancel the purchased shares, distribute the treasury shares as share dividends or to resell the treasury shares on Bursa Securities will be made by the Board at the appropriate time. The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits or the share premium account of the Company.

While the purchased shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any distribution and otherwise are suspended. The treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

The Company will make an immediate announcement to Bursa Securities of any purchase and resale of the shares and whether the purchased shares will be cancelled or retain as treasury shares or a combination of both.

The Proposed Renewal of Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% public shareholding spread as required by the Main Market Listing Requirements of Bursa Securities.

As at 30 March 2018, the public shareholding spread of the Company based on the issued and paid-up share capital of 334,912,640 Magna Prima Shares was 49.45%. The Board will endeavour to ensure that the Company complies with the public shareholding spread requirements and shall not buy back the Company's own shares if the purchase would result in the public shareholding spread requirements not being met.

During the financial year ended 31 December 2017, there was no shares being bought-back and there was no resale or cancellation of treasury shares.

## Share Buy-Back Statement

### 3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK

In addition to the advantages as set out in Section 4 below, the Proposed Renewal of Share Buy-Back, if implemented, will provide the Group with an additional option to utilise its surplus financial resources more efficiently by purchasing Magna Prima shares from the open market to help stabilise the supply and demand for Magna Prima shares traded on the Main Market of Bursa Securities, and thereby support its fundamental value.

The purchased shares can be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the Company's total issued and paid-up share capital. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of Magna Prima.

### 4. ADVANTAGES AND DISADVANTAGES

The potential advantages of the Proposed Renewal of Share Buy-Back, if implemented, are as follows:-

- i. allows the Company to take preventive measures against excessive speculation, in particular when the Company's shares are undervalued;
- ii. the earnings per share of the Magna Prima shares and the return on equity, assuming all other things being equal, would be enhanced resulting from the smaller issued and paid-up share capital of the Company. This is expected to have a positive impact on the market price of Magna Prima shares which will benefit the shareholders of Magna Prima;
- iii. to stabilise a downward trend of the market price of the Company's shares;
- iv. allows the Company the flexibility in achieving the desired capital structure, in terms of its debt and equity composition and the size of its equity;
- v. treasury shares can be treated as long-term investments. It makes business sense to invest in our own Company as the Board is confident of Magna Prima's future prospects and performance in the long term; and
- vi. If the treasury shares are distributed as dividends by the Company, it may then serve to reward the shareholders of the Company.

The potential disadvantages of the Proposed Renewal of Share Buy-Back, if implemented, are as follows:-

- i. it will reduce the financial resources of the Company which may otherwise be retained and used for the businesses of the Group. Nevertheless, the Board will be mindful of the interests of the Group and its shareholders in undertaking the Proposed Renewal of Share Buy-Back; and
- ii. as the Proposed Renewal of Share Buy-Back can only be made out of retained earnings, it may result in the reduction of financial resources available for distribution as dividends and bonus issues to the shareholders of the Company.

### 5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The effects of the Proposed Renewal of Share Buy-Back on the share capital, shareholding structure, net assets, earnings and working capital of the Company are set out below based on the following scenarios:-

Minimum scenario : Assuming that no options are granted under the Company's ESOS  
Assuming that no warrants are converted under the Warrants 2015/2020

Maximum scenario : Assuming that all the options are granted and exercised under the Company's ESOS  
Assuming that outstanding warrants are converted under the Warrants 2015/2020

## Share Buy-Back Statement

### 5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONTINUED)

#### 5.1 Share Capital

The proforma effects of the Proposed Renewal of Share Buy-Back on the issued and paid-up share capital of the Company are set out below:-

	Minimum scenario	Maximum scenario
	No. of shares '000	No. of shares '000
Issued and paid-up share capital*	334,912	334,912
To be issued pursuant to:		
- Assuming full exercise under the Company's ESOS	-	50,237
- Assuming full conversion of outstanding warrants 2015/2020	-	164,422
<b>Enlarged share capital</b>	<b>334,912</b>	<b>549,571</b>
Maximum number of purchased shares to be cancelled pursuant to the Proposed Renewal of Share Buy-Back	(33,491)	(54,957)
<b>Upon completion of the Proposed Renewal of Share Buy-Back</b>	<b>301,421</b>	<b>494,614</b>

Notes:-

\* As at 30 March 2018 (Treasury shares was 2,200,300).

#### 5.2 Substantial Shareholders' and Directors' Shareholdings

The proforma effects of the Proposed Renewal of Share Buy-Back on the substantial shareholdings of the Company are set out below based on the Register of Substantial Shareholders as at 30 March 2018:-

##### (i) Minimum Scenario

Substantial shareholders	As at 30 March 2018				After the Proposed Renewal of Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%
Prisma Pelangi Sdn Bhd	102,889	30.72	-	-	102,889	34.13	-	-
Fantastic Realty Sdn Bhd	45,000	13.44	-	-	45,000	14.92	-	-
Datuk Seri Rahadian Mahmud bin Mohammad Khalil	21,400	6.39	-	-	21,400	7.09	-	-
Lee Hing Lee	-	-	#45,000	13.43	-	-	#45,000	14.92
Lee Siong Hai	257	0.07	^45,000	13.43	257	0.08	^^45,000	14.92
Heng Holdings Sdn Bhd	-	-	**102,889	30.72	-	-	**102,889	34.13
Hua Yang Berhad	-	-	**102,889	30.72	-	-	**102,889	34.13
Ho Wen Yan	-	-	**102,889	30.72	-	-	**102,889	34.13
Ho Wen Han	-	-	**102,889	30.72	-	-	**102,889	34.13
Ho Wen Fan	-	-	**102,889	30.72	-	-	**102,889	34.13
Ho Min Yi	-	-	**102,889	30.72	-	-	**102,889	34.13
Chew Po Sim	-	-	**102,889	30.72	-	-	**102,889	34.13

# Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd and Top Fresh Foods (M) Sdn Bhd pursuant to the Companies Act, 2016

^^ Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd pursuant to the Companies Act, 2016

\*\* Deemed interested by virtue of his substantial shareholding in Prisma Pelangi Sdn Bhd pursuant to the Companies Act, 2016



## Share Buy-Back Statement

### 5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONTINUED)

#### 5.2 Substantial Shareholders' and Directors' Shareholdings (continued)

##### (ii) Maximum Scenario

Substantial shareholders	As at 30 March 2018 and assuming full exercise of the ESOS options and conversion of the outstanding warrants 2015/2020 <sup>##^</sup>				After the Proposed Renewal of Share Buy-Back <sup>^</sup>			
	Direct		Indirect		Direct		Indirect	
	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%
Prisma Pelangi Sdn Bhd	102,889	18.72	-	-	102,889	20.80	-	-
Fantastic Realty Sdn Bhd	45,000	8.18	-	-	45,000	9.10	-	-
Datuk Seri Rahadian Mahmud bin Mohammad Khalil	21,400	3.89	-	-	21,400	4.32	-	-
**Lee Hing Lee	-	-	<sup>#</sup> 45,000	8.18	-	-	<sup>#</sup> 45,000	9.09
**Lee Siong Hai	257	0.04	<sup>^^</sup> 45,000	8.18	257	0.05	<sup>^^</sup> 45,000	9.09
**Heng Holdings Sdn Bhd	-	-	<sup>**</sup> 102,889	18.72	-	-	<sup>**</sup> 102,889	20.80
**Hua Yang Berhad	-	-	<sup>**</sup> 102,889	18.72	-	-	<sup>**</sup> 102,889	20.80
**Ho Wen Yan	-	-	<sup>**</sup> 102,889	18.72	-	-	<sup>**</sup> 102,889	20.80
**Ho Wen Han	-	-	<sup>**</sup> 102,889	18.72	-	-	<sup>**</sup> 102,889	20.80
**Ho Wen Fan	-	-	<sup>**</sup> 102,889	18.72	-	-	<sup>**</sup> 102,889	20.80
**Ho Min Yi	-	-	<sup>**</sup> 102,889	18.72	-	-	<sup>**</sup> 102,889	20.80
**Chew Po Sim	-	-	<sup>**</sup> 102,889	18.72	-	-	<sup>**</sup> 102,889	20.80

<sup>#</sup> Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd and Top Fresh Foods (M) Sdn Bhd pursuant to the Companies Act, 2016

<sup>^^</sup> Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd pursuant to the Companies Act, 2016

<sup>\*\*</sup> Deemed interested by virtue of his substantial shareholding in Prisma Pelangi Sdn Bhd pursuant to Companies Act, 2016

#### Notes:-

<sup>##</sup> Assuming 50.237 million options were granted and exercised under the Company's ESOS

<sup>^^</sup> Assuming 164.422 million warrants were converted under warrants 2015/20120

<sup>^</sup> Assuming that the Proposed Renewal of Share Buy-Back is implemented in full, i.e. up to ten percent (10%) of the issued and paid-up share capital, the purchased shares are acquired from public shareholders and the purchased shares are held as treasury shares or cancelled

## Share Buy-Back Statement

### 5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONTINUED)

#### 5.2 Substantial Shareholders' and Directors' Shareholdings (continued)

	As at 30 March 2018				Scenario 1				Scenario 2			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No of shares '000	%	No of shares '000	%	No of shares '000	%	No of shares '000	%	No of shares '000	%	No of shares '000	%
<b>Directors*</b>												
Tan Sri Datuk Adzmi bin Abdul Wahab	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Seri Rahadian Mahmud bin Mohammad Khalil	21,400	6.39	-	-	21,400	7.09	-	-	21,400	4.32	-	-
Ho Wen Yan	-	-	102,889	30.72	-	-	102,889	34.13	-	-	102,889	20.80
Cheong Choi Yoon	-	-	-	-	-	-	-	-	-	-	-	-
Sazali bin Saad	-	-	-	-	-	-	-	-	-	-	-	-
Chang Chee Kok	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

\* Based on the Register of Directors as at 30 March 2018.

Scenario 1 : Assuming that no options are granted under the Company's ESOS and no conversion of warrants for Warrants 2015/2020 and after the Proposed Renewal of Share Buy-Back

Scenario 2 : Assuming that all exercised under the Company's ESOS, conversion of outstanding warrants for Warrants 2015/2020 and after the Proposed Renewal of Share Buy-Back. The final allocation of ESOS options to the Directors of the Company has not been finalised and as such, for illustrative purposes, the effects under Scenario 2 excludes allocation of ESOS options to Directors

#### 5.3 Net Assets

The consolidated net assets of the Company may increase or decrease depending on the number of shares purchased under the Proposed Renewal of Share Buy-Back, the purchase prices of the shares, the effective cost of funding and the treatment of the shares so purchased.

The Proposed Renewal of Share Buy-Back will reduce the consolidated net assets per share when the purchase price exceeds the consolidated net assets per share of the Company at the time of purchase. On the contrary, the consolidated net assets per share will increase when the purchase price is less than the consolidated net assets per share of the Company at the time of purchase.

If the shares purchased under the Proposed Renewal of Share Buy-Back are held as treasury shares and subsequently resold on Bursa Securities, the consolidated net assets per share would increase if the Group realise a gain from the resale or vice versa. If the treasury shares are distributed as share dividends, it will decrease the consolidated net assets by the cost of the treasury shares redistributed.

#### 5.4 Earnings

The effect of the Proposed Renewal of Share Buy-Back on the consolidated earnings per share of the Company will depend on the purchase prices paid for the shares, the effective funding cost to the Group to finance the purchase of the shares or any loss in interest income to the Group if internally generated funds are utilised to finance the purchase of the shares.

Assuming that any shares so purchased are retained as treasury shares as per Companies Act, 2016 and resold on Bursa Securities, the effects on the consolidated earnings of the Company will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

## Share Buy-Back Statement

### 5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONTINUED)

#### 5.5 Working Capital

The implementation of the Proposed Renewal of Share Buy-Back is likely to reduce the working capital of the Group, the quantum being dependent on the number of the purchased shares, the purchase price(s) and the amount of financial resources to be utilised for the purchase of the shares.

For the purchased shares retained as treasury shares as per Companies Act, 2016 upon its resale, the working capital of the Company will increase. Again, the quantum of the increase in the working capital will depend on the actual selling price of the treasury shares resold, the effective gain or interest saving arising and the gain or loss from the disposal.

### 6. APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back is subject to the approval being obtained from the shareholders of Magna Prima.

### 7. IMPLICATION OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2016 ("CODE")

Pursuant to the Code, a person and/or any person acting in concert with him will be required to make a mandatory offer for the remaining shares not already owned by him/them if his and/or their holding of voting shares in a company is increased beyond 33% or, if his and/or their holding of voting shares is more than 33% but less than 50%, his and/or their holding of voting shares is increased by more than 2% in any 6 months period.

The Board takes cognisance of the requirements of the Code and will be mindful of the requirements when making any purchases of shares pursuant to the Proposed Renewal of Share Buy-Back.

### 8. DIRECTORS' RECOMMENDATION

The Board, after having considered all aspects of the Proposed Renewal of Share Buy-Back and after careful deliberation, is of the opinion that the Proposed Renewal of Share Buy-Back is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the resolution in relation to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming AGM.

### 9. DISCLAIMER STATEMENT

Bursa Securities has not perused this Statement prior to its issuance as it is exempted pursuant to the provisions of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

**MAGNA PRIMA BERHAD**

(369519-P)

(Incorporated in Malaysia)

**PROXY FORM**

I/We, \_\_\_\_\_ of

being a member / members of MAGNA PRIMA BERHAD hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him/her, CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twenty Third Annual General Meeting ("AGM") of Magna Prima Berhad will be held at Ideal Convention Centre - IDCC Shah Alam, Level 7, Jalan Pahat L 15/L, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan on Wednesday, 6 June 2018 at 10.00 a.m. and at any adjournment thereof.

Agenda	Resolution	For	Against
To re-elect Datuk Seri Rahadian Mahmud bin Mohammad Khalil who shall retire in accordance with Article 100 of the Company's Articles of Association.	1		
To re-elect Mr. Chang Chee Kok who shall retire in accordance with Article 100 of the Company's Articles of Association.	2		
To re-elect Mr. Low Yew Shen who shall retire in accordance with Article 105 of the Company's Articles of Association.	3		
To approve the payment of Directors' fees of the Company for the financial year ended 31 December 2017.	4		
To approve the payment of Directors' fees in respect of the period from 1 January 2018 until the conclusion of the next AGM of the Company.	5		
To approve the payment of meeting attendance allowances per meeting to the Non-Executive Directors and leave passage allowance per annum to the Chairman for the period from 1 January 2018 until the conclusion of the next AGM of the Company.	6		
To re-appoint Messrs Morison Anuarul Azizan Chew (AF 001977) as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Board of Directors to fix their remuneration.	7		
<b>AS SPECIAL BUSINESS:</b>			
Retention of Independent Non-Executive Directors			
a. YBhg Tan Sri Datuk Adzmi bin Abdul Wahab	8		
b. En Sazali bin Saad	9		
Authority to Directors to Allot and Issue Shares in General Pursuant to Section 76 of the Companies Act, 2016	10		
Proposed Renewal of Share Buy-Back	11		

Please indicate with an "X" in the space provided, how you wish your vote to be cast. If you do not do so, the proxy may vote or abstain at his/her discretion.

<b>NO. OF SHARES HELD</b>

\_\_\_\_\_  
Signature/Common Seal\_\_\_\_\_  
Date**Notes:**

- A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf.
- A proxy need not be a member of the Company.
- Where the member of the Company appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- If the proxy is executed by a corporation, the Form of Proxy must be under its common seal or the hand of an officer or attorney duly authorised.
- The instrument appointing the proxy must be deposited at the Registered Office of the Company at Lot 4.01, Level 4, IDCC Corporate Tower, Jalan Pahat L 15/L, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned Meeting.
- Depositors who appear in the Record of Depositors as at 31 May 2018 shall be regarded as member of the Company entitled to attend the Twenty Third Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Fold here to seal

STAMP

THE COMPANY SECRETARY

**MAGNA PRIMA BERHAD** (369519-P)

Lot 4.01, Level 4,  
IDCC Corporate Tower,  
Jalan Pahat L 15/L, Seksyen 15,  
40200 Shah Alam, Selangor Darul Ehsan.

**Tel** : 03 5022 5555

**Fax** : 03 5022 5556

**Email** : enquiry@magnaprima.com.my

[www.magnaprima.com.my](http://www.magnaprima.com.my)

Fold here to seal





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