SUNSURIA
Building Today Creating Tomorrow

DRIVING NEW GROWTH SUSTAINING THE FUTURE

Annual Report 2017

SUNSURIA BERHAD (Company No. 8235-K)

DRIVING NEW GROWTH SUSTAINING THE FUTURE

Financial Year 2017 was one in which Sunsuria continued to grow from strength to strength and deliver stellar results. Our strong performance was attributable to the worthy efforts of our people, the success of several innovative development projects as well as the numerous strategic partnerships and corporate exercises we embarked on. Today, we can say with confidence that the building blocks are in place for our long-term growth and a sustainable future.

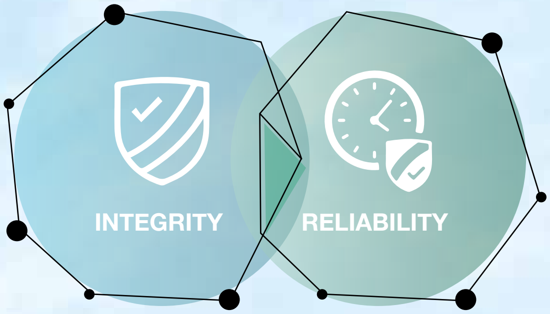
The cover of this year's Annual Report portrays a multi-faceted sphere reflecting the Sunsuria ecosystem. The numerous black dots surrounding the sphere represent the many stakeholders, projects, joint ventures and corporate exercises that we embarked on in FY2017. Going forward into the new financial year, we are confident of driving new growth and delivering commendable results for a sustainable future given our healthy order book and pipeline of projects lined up for FY2018.

OUR MISSION

To engage and delight our customers by delivering a distinctly Sunsuria experience of service excellence and warmth, through a culture of integrity, quality and reliability.

OUR VISION

To be a progressive corporation which we can take pride in. One that is valued and respected by all our stakeholders.



OUR VALUES

RESPECTFUL

We respect and value the community in which we operate and strive to enrich it. We take pride in working as a team and believe in earning respect through our actions.

COMMITTED

We are committed to achieve excellence in all that we do and delivering the best experience for our customers.

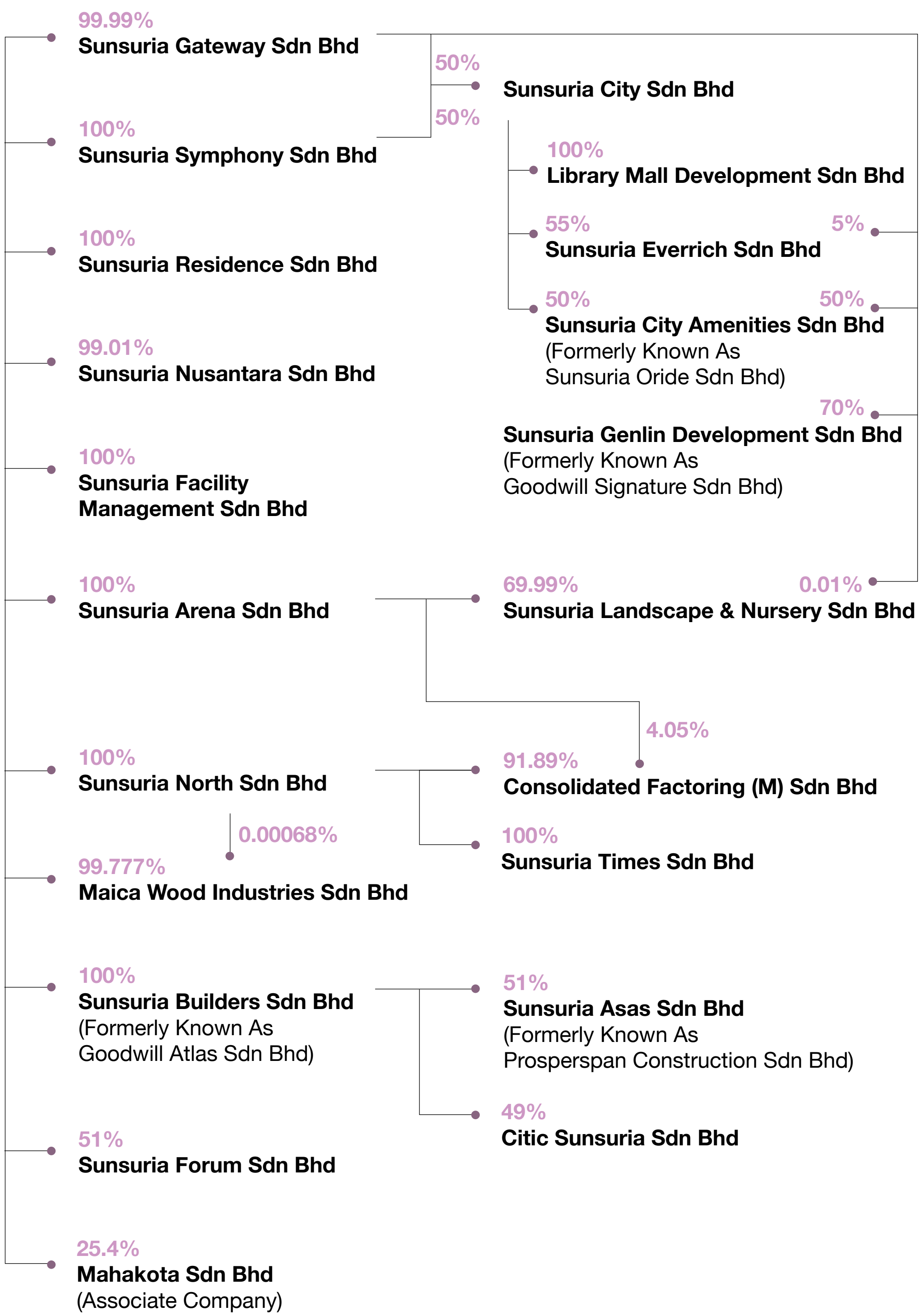
PROGRESSIVE

We constantly embrace change to remain relevant in the marketplace. We strive for continuous improvement and innovation as a trendsetter in the industry.

CONTENTS

CORPORATE
STRUCTURE

SUNSURIA
Building Today Creating Tomorrow



CORPORATE
INFORMATION

Board Of Directors

Tan Sri Datuk Ter Leong Yap
Executive Chairman

Koong Wai Seng
Executive Director/
Chief Executive Officer

Tan Pei Geok
Senior Independent
Non-Executive Director

Dato' Quek Ngee Meng
Independent
Non-Executive Director

Datin Loa Bee Ha
Non-Independent
Non-Executive Director

Audit Committee

Tan Pei Geok (Chairman)
Datin Loa Bee Ha
Dato' Quek Ngee Meng

Nomination Committee

Tan Pei Geok (Chairman)
Datin Loa Bee Ha
Dato' Quek Ngee Meng

Remuneration Committee

Tan Pei Geok (Chairman)
Datin Loa Bee Ha
Dato' Quek Ngee Meng

Risk Management Committee

Dato' Quek Ngee Meng (Chairman)
Tan Pei Geok
Koong Wai Seng

Company Secretaries

Lee Swee Kheng (MIA 12754)
Lim Siew Ting (MAICSA 7029466)

Auditors

Messrs Crowe Horwath (AF 1018)
(Chartered Accountants)
Level 16, Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : SUNSURIA
Stock Code : 3743
Sector : Properties

Registered Office And Head Office

Suite 8, Main Tower, Sunsuria Avenue,
Persiaran Mahogani, Kota Damansara
PJU 5,
47810 Petaling Jaya, Selangor, Malaysia
Tel : (03) 6145 7777
Fax : (03) 6145 7778
Website : www.sunsuria.com

Principal Bankers

Public Bank Berhad
CIMB Bank Berhad
AmBank (M) Berhad
OCBC Bank (Malaysia) Berhad

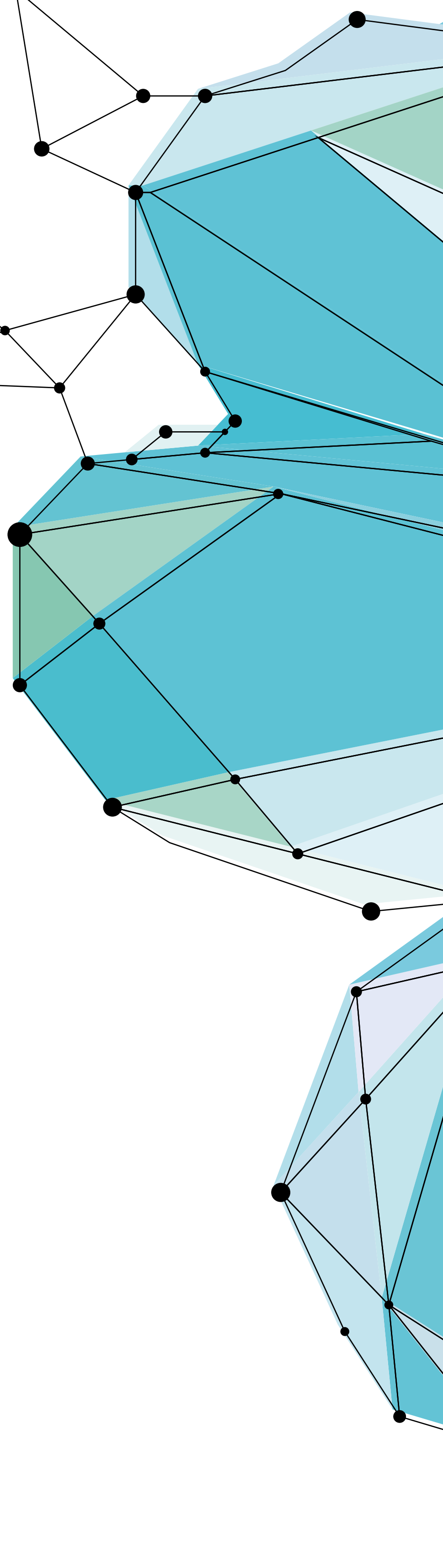
Share Registrar

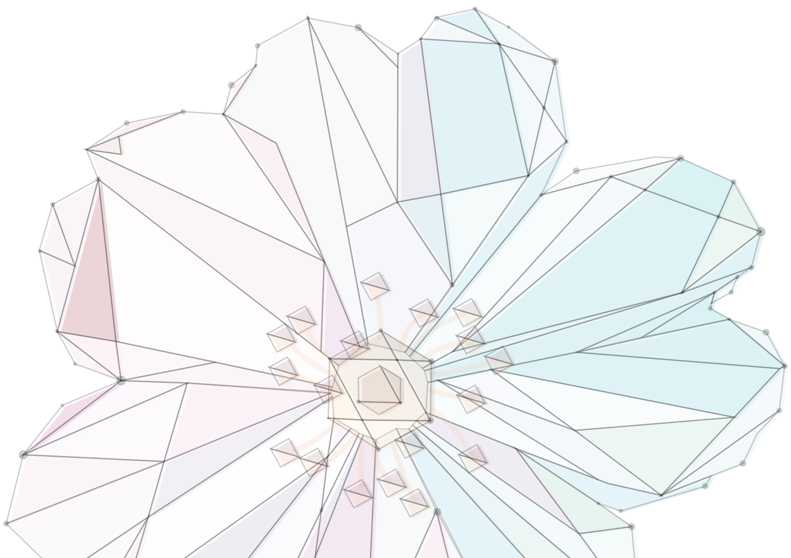
Tricor Investor & Issuing House
Services Sdn Bhd
Office:
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: (603) 2783 9299
Fax: (603) 2783 9222

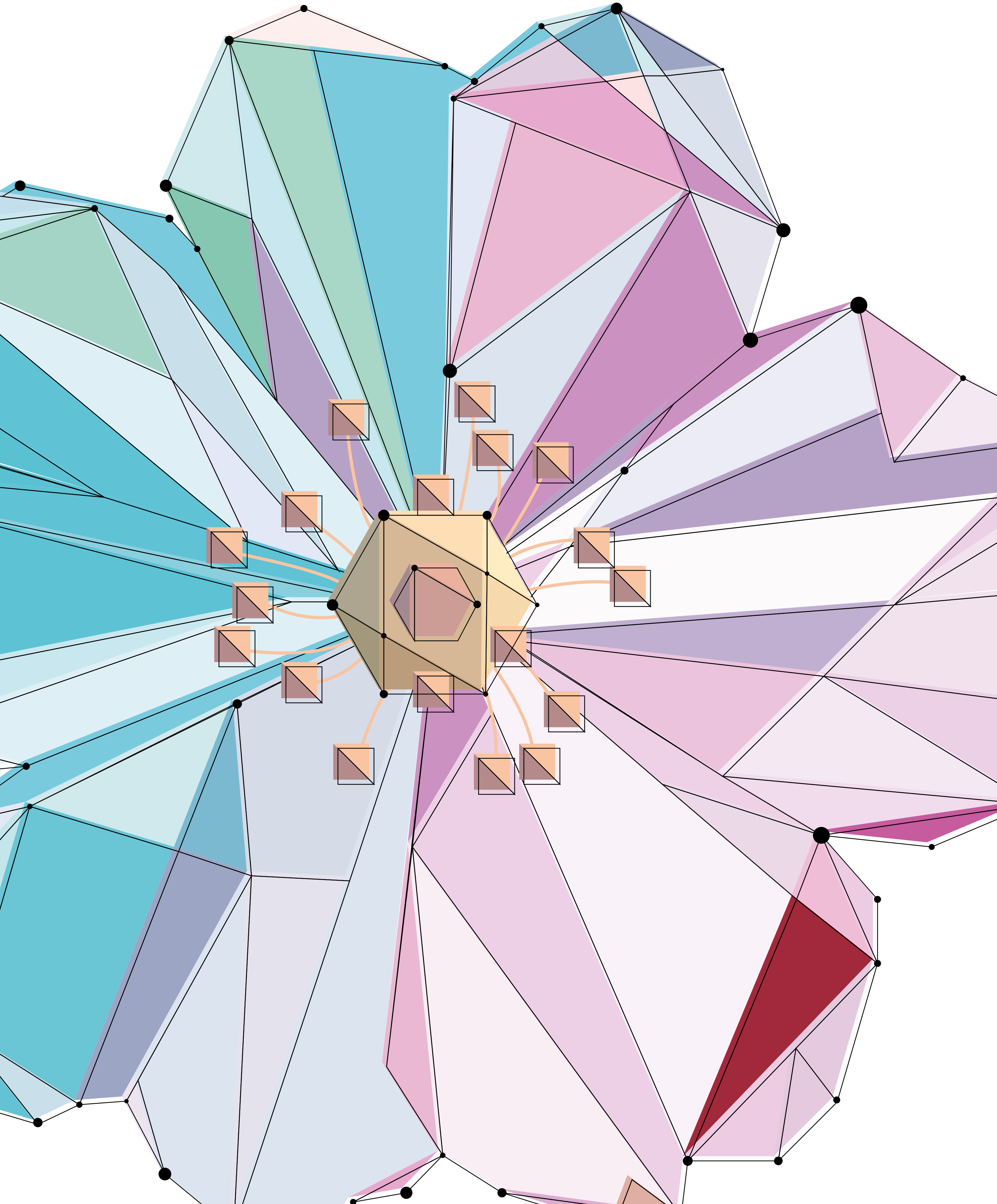
Customer Service Centre :
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

bloom.

WITH OUR RELENTLESS PIONEERING SPIRIT, WE ARE CONSISTENTLY PUSHING THE BOUNDARIES. WE WON'T JUST BE GROWING, BUT BLOOMING.







EXECUTIVE
CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

The year in review was an exhilarating one for the team at Sunsuria Berhad ("Sunsuria" or "The Group"). I am delighted to report that Sunsuria turned in a commendable performance on the financial and operational fronts for the financial year ended 30 September 2017 ("FY2017"). We registered revenue and net profit growth of 97% and 107% respectively, as well as made strong strides forward by way of successfully rolling out our residential and commercial developments, all of which were well received by the market.

REVENUE
97% ↑

NET PROFIT
107% ↑

As testament to our commitment to excellence, we continued to garner several prestigious awards including the Gold award in the Property Sector category at The Edge Billion Ringgit Club Corporate Awards 2017 (for companies with market capitalisation below RM3 billion), thus propelling us among the rank of Malaysia's billion-ringgit players. Not one to rest on our laurels, we went on to create value for customers and shareholders by entering into key strategic acquisitions and smart partnerships aimed at giving us a firm footing in the construction sector.

The Group's "Smart, Livable and Sustainable" philosophy towards property development continues to resonate well with Malaysians who recognise the excellent value that our developments accord them. Our offer of competitively priced properties coupled with strategic location, innovative features and conscientious design, continues to be a good drawing card for discerning buyers and has ultimately translated into healthy financial results for the Group. Our value proposition to our customers is best reflected in our flagship township, Sunsuria City, which encapsulates our vision of being a catalyst developer that brings sustainable, long-term value to customers. This is especially important amidst today's highly competitive playing field where the demand for housing and real estate investments that deliver truly outstanding value is a prime consideration.

Yes, FY2017 was indeed a remarkable year for us. To make the most of other marketplace opportunities and to ensure a sustainable future for Sunsuria, we continue to put in place the building blocks to strengthen our position as a key player in the property sector and create long-term shareholder value.

A CHALLENGING ECONOMIC BACKDROP

In 2017, the global economy grew stronger than expected underpinned by faster growth in the advanced economies as well as continued improvements in the emerging market and developing economies. As world trade activities strengthened, the external sector continued to make good progress. On the domestic front, the Malaysian economy reportedly performed better than expected in the first half of 2017 with real GDP growing by 5.6% on a year-on-year basis in the first quarter of the year and strengthening to 5.8% in the second quarter. Growth was supported by stronger domestic demand on the back of advances in investment and consumption, and bolstered by buoyant export demand.

The year 2017, however, also saw the Malaysian property market in general having to contend with the key challenges of price unaffordability, the overhang of properties above RM1 million in value, the rising cost of living, tighter financing and weak consumer sentiment, all of which had a dampening effect on the market.

The Olive

COMMENDABLE FINANCIAL PERFORMANCE

Against this backdrop, the property market focused on delivering affordably-priced homes with good product specifications in strategic locations with high connectivity. In line with this, Sunsuria continued to roll out developments catering to market demand. Altogether, FY2017 saw us launching The Olive condominium and the Bell Suites small office/home office ("SOHO") units with a total gross development value ("GDV") of RM476.32 million.

I am pleased to say that our efforts proved fruitful with the Group registering revenue of RM398.5 million and a net profit attributable to owners of the Company of RM90.7 million against revenue of RM202.4 million and a net profit attributable to owners of the Company of RM43.8 million in FY2016. Our bullish performance was mainly attributable to the positive take-up of our residential and commercial developments, namely Suria Residence, The Olive, Bell Suites SOHO, The Forum 1, Bell Avenue and Jasper Square. Property development activities contributed 98% of our FY2017 revenue, thereby underscoring our focus as a property-centric player.

The finer details of our financial and operational performance are spelt out in the Management Discussion and Analysis section of this Annual Report.

STRATEGIC CORPORATE EXERCISES

For the year in review, we continued to embark on various corporate exercises to strengthen our growth momentum, position us for future opportunities and enhance shareholder value.

The Birth of the Construction Division

Two strategic joint ventures in particular marked the expansion of our footprint into the construction sector.

In April 2017, the Group's wholly owned subsidiary, Sunsuria Builders Sdn Bhd (formerly known as Goodwill Atlas Sdn Bhd) ("Sunsuria Builders"), entered into a Share Sales Agreement to acquire a 51% equity stake in Prosperspan Construction Sdn Bhd ("Prosperspan"), a construction company with a Construction Industry Development Board ("CIDB") license. Via this joint venture, we have today strengthened our foothold in the construction sector. We will also leverage on Prosperspan (now renamed Sunsuria Asas Sdn Bhd) ("Sunsuria Asas") to engage in future construction, engineering as well as related ancillary services and activities in Malaysia.

In June 2017, the Group via Sunsuria Builders inked a milestone partnership with China's Citicc International Investment Ltd ("CITIC"), a wholly owned subsidiary of CITIC Construction Co., Ltd ("CITIC Construction"), which in turn is a tier one wholly owned subsidiary of CITIC Limited, a Fortune Global 500 company, with assets of over HK$7.24 trillion (RM3.99 trillion). The partnership resulted in the creation of a new joint venture company, namely Citic Sunsuria Sdn Bhd ("Citic Sunsuria"), whereby CITIC holds a 51% equity stake and Sunsuria Builders, holds the remaining 49% stake.

Sunsuria will be CITIC Construction's sole partner for all construction works in Malaysia. Likewise, Sunsuria will reciprocate by granting Citic Sunsuria a right of first refusal for construction works projects not arising from the property development business carried out or undertaken by Sunsuria. Our partnership enables us to leverage on the Chinese state-owned conglomerate's vast proven experience and technical expertise, financial strength, and strong support network in construction to take on larger-scale projects. Our other construction subsidiary, Sunsuria Asas, will provide local support to this joint venture.

The year in review also saw us rolling out several other activities to strengthen our market position and value proposition.

Sunsuria City - Aerial View

New Landscape Operations in Support of the Property Development Business

In March 2017, we established a landscape company, to set up, operate and manage the landscape and nursery functions of the Group's stable of businesses under a new joint venture company, namely Sunsuria Landscape & Nursery Sdn Bhd. Moving forward, we plan to invest RM100 million into the total landscaping budget for Sunsuria City which will cover individual plot landscape work and township streetscapes.

This investment demonstrates our commitment to upholding the "Smart, Livable and Sustainable" proposition for Sunsuria City, which is a low-carbon and green township. We will eventually set up our own plant nursery within Sunsuria City as a long-term, sustainable means of growing and maturing our own greenery. The joint venture is expected to achieve operational efficiencies and economies of scale from the potential size of landscaping works which will lend to better margins over the long-term.

Expansion of Our Landbank

The Group also acquired a 70% equity stake in Sunsuria Genlin Development Sdn Bhd (formerly known as Goodwill Signature Sdn Bhd), a joint venture vehicle set up with Genlin Development Sdn Bhd to acquire and develop two pieces of strategically located freehold land measuring approximately 2.23 acres in Sentul, Kuala Lumpur. We plan to develop a mixed development comprising service apartments and retail units on this land.

This venture will enable the Group to move beyond our existing land banks in Salak Tinggi, Shah Alam and Bukit Jelutong into new territory in the northern part of Kuala Lumpur. It augurs well for our sustainable growth as it will bolster our core property development business and enhance future earnings.

TOWARDS GREATER SHAREHOLDER VALUE CREATION

Sunsuria remains committed to creating long-term value for all our shareholders in a holistic manner. As a group that is undergoing rapid growth, we continue to reinvest our profits back into our business to strengthen our landbank and ensure our continued growth. As such, the Board of Directors has decided not to recommend the payment of a dividend in lieu of FY2017 (FY2016: Nil). Upon setting aside adequate funding for the Group's capital expenditure and working capital needs, rest assured that the Board will from time to time review the means by which shareholders can participate in the profits of the Group.

Meanwhile, Sunsuria's commitment to creating intangible shareholder value is reflected in the host of awards and accolades for excellence that we continue to garner. For the year in review, aside from bagging the Gold Award at The Edge Billion Ringgit Club Corporate Awards 2017 event for "Highest Returns to Shareholders Over Three Years" (for companies with market capitalisation below RM3 billion), Sunsuria City also received Honours at the StarProperty.My Awards 2017 event in "The Neighbourhood Award – Best Boutique Township below 500 Acres" category. We were also hailed "Best Catalytic Township" at the Noble Excellence Awards 2016 event.

To ensure continued shareholder value creation and the long-term growth of our businesses as well as to boost investor confidence and protect our reputation, the Board is deeply committed to upholding and implementing strong standards of corporate governance and robust risk management measures. As part of our efforts to uphold the highest corporate governance standards, the Group subscribes to and is applying the principles, guidelines and recommendations as set out in the Malaysian Code on Corporate Governance. Further details of our corporate governance and risk management practices are spelt out in the relevant sections of this Annual Report.

MOVING INTO FY2018 AND BEYOND

As we move into 2018, the Malaysian economy is expected to remain resilient, with real GDP expected to expand between 5% and 5.5% led by domestic demand. The domestic economy is expected to experience broad-based growth across a range of diversified sectors. Domestic demand is expected to remain the primary anchor of growth, underpinned by robust growth in private-sector expenditure.

Amidst multi-year consolidation and moderating property prices, the property sector is expected to undergo some form of rebalancing in 2018. We are optimistic that the sector still has inherent growth potential due to the underlying belief that property investments are relatively safe assets with long-term prospects for capital growth. As such, in spite of current subdued market sentiments, we remain confident that our focus on property development as well as commitment towards developing properties with the utmost standards of quality and reliability will continue to propel Sunsuria towards greater heights of success.

To ensure the Group's future growth, we will continue to build upon the major development projects that we have already kickstarted. In particular, the attractive components within our flagship development project, Sunsuria City (to be launched in phases over the next eight years), augur well for us. For FY2018, we are planning to launch several projects with a GDV of approximately RM1 billion, with the projects within Sunsuria City contributing approximately 55% of this total.

As part of our long-term growth strategy, we will also continue to actively seek opportunities to further expand our landbank. With a healthy level of unbilled sales and new projects lined up in FY2018, the Group is looking forward to continuing our upward trajectory and touching more lives in the coming year. Sunsuria's Board of Directors is quietly confident about our prospects moving into FY2018 and beyond.

Monet Lily @ Sunsuria City

A NOTE OF APPRECIATION

FY2017 was truly a remarkable year for Sunsuria and it entrenched us firmly as a key player in the property sector. Many parties helped us deliver on our promises and we owe them a debt of gratitude.

On behalf of the Board of Directors of Sunsuria I wish to express my deep gratitude to our valued shareholders, business partners, associates, customers, suppliers, local authorities and other stakeholders for their unwavering support and worthy cooperation.

My sincere thanks also go to our dedicated management team and employees for their fine work as well as their commitment to innovation and excellence. I also wish to convey my heartfelt gratitude to my colleagues on the Board for their wise counsel throughout this exciting year.

I want to put on record my appreciation to Dato' Tan Tian Meng and Mr Chong Jee Min who resigned from the Board on 24 November 2017 and 30 November 2017 respectively. Dato' Tan has been appointed as the Chief Executive Officer of Citic Sunsuria and will now focus on helping us grow our construction businesses. Meanwhile, Mr Chong will continue to serve Sunsuria in his role as an advisor to the Group. We thank these two gentlemen for their invaluable service to the Board and look forward to their contributions in their new roles.

As we venture forth into FY2018, I trust all our stakeholders will continue to lend us their staunch support as we set our sights on delivering another solid performance in the coming financial year. Thank you.

Tan Sri Datuk Ter Leong Yap
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

Sunsuria Berhad ("Sunsuria" or "The Group") delivered a strong performance across key financial and operational metrics for the financial year ended 30 September 2017 ("FY2017"). This robust performance was attributable to the efforts of our diligent team of Sunsurians as well as the successful rollout of the Sunsuria City launch. " This Management Discussion and Analysis section spells out the finer details of the Group's financial performance and business activities for the year under review."

OUR BUSINESS AND HOW WE DELIVER VALUE

Sunsuria Berhad is primarily a property-centric holding company with subsidiaries that are principally involved in property development activities. The Group's existing land banks totalling 387.7 acres are located at Sunsuria City in Salak Tinggi, Shah Alam, Bukit Jelutong and Sentul in the northern part of Kuala Lumpur.

ENSURING SUSTAINABLE VALUE TO OUR CUSTOMER

Focused on Delivering Outstanding Customer Value

Our value proposition as a developer is to ensure we maintain a customer-centric approach in all our undertakings and deliver outstanding, sustainable value to our customers. Our flagship development, Sunsuria City in Salak Tinggi, underscores this commitment. It also reflects our role as a catalytic developer focused not only on building up real estate but also the "content" or components within our developments.

Formally launched in April 2017, the 375-acre integrated township that is Sunsuria City offers a host of appealing components that will be rolled out over the next eight years. Encapsulating the key principles of "Smart, Livable and Sustainable", it offers workplaces, homes and lifestyle elements within a township that is being made future-ready for the new generation of buyers. These include integrated commercial developments comprising retail units, shops and office lots; residential developments comprising condominiums, villas, semi-detached units, terraced houses and townhouses; and mixed-developments such as serviced apartments, small office/ home office ("SOHO") units, a hotel, a retail centre and retail streets as well as corporate office buildings.

Sunsuria Celebration Centre

Sunsuria City is being positioned as a smart and sustainable community that inspires and enables residents to pursue knowledge, creativity and learning. The diverse integrated components are built around the central feature, Xiamen University Malaysia, a world-class research university and the first overseas campus of the renowned Chinese university. On top of this, the distinctive product and service offerings are designed to enhance residents' quality of life. From the artistic French-inspired Monet Residences, to the novel Korean-French Provence Village; from the convenient one-stop concierge service to the rollout of the top-notch SJK (C) Sunsuria, one of the 10 new Chinese primary schools to be set up in Malaysia – this township is designed to deliver value and exceed customers' expectations.

Moreover, Sunsuria City offers a conducive environment designed to attract different audiences, including tourists, to the township. By incorporating little touches within the township, such as park benches, pedestrian walkways and landscape designs with an international feel in public spaces, we hope to inculcate among our audiences, a curiosity to learn more about the arts and cultures from other parts of the world. We are confident that in time to come, this township will become an international landmark.

Similarly, The Forum, our content-centric mixed commercial development in Setia Alam, boasts a street mall whereby the operator and retailer associations are working together to deliver innovative service and products to the community. We believe that our focus on creating appealing content within our catalytic developments will set us apart from other developers.

Leveraging on Innovation to Reach Audiences

To build awareness of the Sunsuria brand and strengthen ties with our audiences, we continue to roll out a myriad of exciting customer-centric activities. Over the course of FY2017, we focused our efforts on innovative branding events that incorporated young and energetic activities. These included the two-day Sunsuria City Fest in April 2017 to commemorate the grand opening of the Sunsuria City Celebration Centre ("CC"), and the Sunsuria Foodiethon in May to promote Sunsuria City as a new hotspot landmark. Both these vibrant events drew in over 3,000 participants each.

Other key events included the signing of a memorandum of collaboration with Premier Electrify Sdn Bhd to promote and encourage the usage of electrical vehicles within Sunsuria City; and the Ride for Malaysia 2017 event in collaboration with Star Media Group Berhad that sought to unite Malaysians of all ages. The highlights of these and other FY2017 activities can be found on pages 32 to 33 of this Annual Report.

To complement our physical events, we have been implementing a digitalisation strategy that leverages on a host of digital platforms to ensure customers get an immersive and first-hand experience of our real estate offerings. For instance, during the Sunsuria City Fest event, we rolled out the Sunsuria Fest mobile app featuring a Quick Response or QR Code tour guide map which gave audiences an immersive digital fest experience.

Sunsuria Forum

Our move to be an early adopter of leading edge digital tools including mobile apps, virtual reality and augmented reality technologies, continues to pay off as we make good inroads among target audiences. Moving forward, we will continue to tap on technological innovation to deliver immersive customer experiences.

Aside from this, we continue to rollout a host of other customer-centric initiatives to sustain our business momentum and strengthen ties with key stakeholders. These include product innovation and value engineering activities, customer retention strategies, our adoption of an industry leader stance, as well as entering into a host of strategic collaborations and partnerships. Even as Sunsuria sets new standards, we continue to grow from strength to strength and entrench ourselves as a property market player to be reckoned with. Today, people who buy into a Sunsuria property, know that they are buying into something of value that will deliver sustainable, long-term returns.

Focused on Developing Steady and Alternate Revenue Streams

Another one of Sunsuria's value propositions is that we are very cash flow-focused company. In every development we embark on, we ensure the components that will bring in the cash flow are first incorporated before we move on to the other components. We first ensure that the market is able to absorb the cash flow-centric components of our development immediately and then only do we build upon this.

As a forward-thinking group, we are continually looking for ways and means to complement our core property development business with alternative revenue streams. Through recent joint ventures, we are now positioned to take on the wealth of opportunities in the construction sector.

Through our joint venture vehicle, Sunsuria Asas Sdn Bhd (formerly known as Prosperspan Construction Sdn Bhd) ("Sunsuria Asas"), we are now positioned as a licensed construction player that is able to bid for local tenders and awards and deliver projects on time, on budget and on spec. Via Citic Sunsuria Sdn Bhd ("Citic Sunsuria"), our joint venture vehicle with China's state-owned construction conglomerate, CITIC Construction, we are now in a position to partake of some of the Malaysian Government's mainstream infrastructure development projects and diversify our revenue streams. The details of these strategic joint ventures are spelt out in the sub-section titled "Strategic Corporate Exercises" in the Executive Chairman's Statement.

Sunsuria Builders Sdn Bhd JV with Citicc International Investment Ltd

Strategies for Long-Term Growth

Over the long-term, we will leverage on a two-pronged strategy to maintain our sustainable growth. Firstly, we will continue to look for other real estate sites on which to develop catalytic elements and derive sustainable cash flow from. Currently, we have a market capitalisation of above RM1 billion and are looking to grow that over the next three to five years. Secondly, we will look at opportunities to strengthen and prime our construction business. It is still early days for us but we will focus our efforts on exploring whatever opportunities that come our way.

SUNSURIA JV WITH CONSTRUCTION COMPANIES

OUR FINANCIAL PERFORMANCE

Commendable Growth

For FY2017, the Group registered revenue of RM398.5 million and a net profit attributable to owners of the Company of RM90.7 million, reflecting growth of 97% and 107% respectively against the preceding year's revenue of RM214.8 million and net profit attributable to owners of the Company of RM43.8 million. Property development activities contributed 98% of our FY2017 revenue, with the diverse components within Sunsuria City alone contributing RM220.2 million or 55% of the revenue. Meanwhile, the Group's residential development project in Bukit Jelutong known as Suria Residence and our integrated commercial development in Setia Alam known as The Forum 1, contributed RM91.3 million and RM87.3 million or 23% and 22% respectively to the Group's revenue. The Olive and Bell Suites SOHO projects which were launched in FY2017, together contributed RM48.1 million to total revenue. The advanced stages of construction progress at our Suria Residence, Forum 1, Jasper Square and Bell Avenue developments also accelerated revenue growth with revenue recognition increasing even as further construction work was undertaken.

A Healthy Balance Sheet

During the financial year, the Group's total assets grew from RM1.2 billion to RM1.3 billion, the increase coming mainly from the addition to the value of work done on land held for property development and property investment. We continue to manage our financial position prudently and cautiously and I am pleased to report that as at the end of FY2017, our debt gearing ratio had improved from 0.32 times in FY2016 to 0.24 times (with net gearing at 0.02 times at end FY2017 from 0.19 times in FY2016). Meanwhile, while our cash and bank balances (including monies placed under short-term investment) stood at RM167.5 million at end FY2017 in comparison to RM89.8 million at end FY2016.

Low Capital Expenditure Requirements

Taking cognisance of the challenging economic environment, the Group has been very cautious in its spending. Nevertheless, the Group will continue to invest in new information technology initiatives in line with the principles of "Smart, Livable and Sustainable" that aim to offer innovative workplaces, homes and lifestyle elements within our developments. The Group will also continue to identify suitable land banks to invest in.

Bell Avenue and Bell Suites

Material Trends and Events

We intend to diversify and move beyond our property development activities into construction activities and related businesses. This proposed diversification will provide for greater business expansion and sound financial growth for the Group as the additional revenue and income streams will enhance the profitability and prospects of the Group.

The proposed diversification will be undertaken through Sunsuria Asas and Citic Sunsuria wherein we will leverage on the proven track record, engineering expertise, technical sophistication and resources of our strategic partners to execute construction projects, identify additional business opportunities and secure large-scale projects. Sunsuria Asas and Citic Sunsuria both hold Construction Industry Development Board ("CIDB") Grade 7 Licenses which enable them to undertake construction work within Malaysia. The proposed diversification would provide an opportunity for the Group to enhance its credentials in the construction segment and open up new avenues of opportunity which would be in our best interests. To date Sunsuria has awarded contracts amounting to RM372.5 million to Sunsuria Asas.

PERFORMANCE BY KEY DEVELOPMENT PROJECTS

The Group continues to make strong strides forward even as we successfully roll out our residential and commercial developments, all of which have been well received by the market. To recap, back in February 2016, we launched the first commercial components of Sunsuria City, namely Jasper Square, a commercial shop office development and Bell Avenue comprising retail shops. In FY2017, we launched The Olive condominium and the Bell Suites SOHO projects, the first residential developments at Sunsuria City with a total gross development value ("GDV") of RM476.32 million.

Jasper Square

With a total GDV of RM161.6 million, Jasper Square is located near the main entrance of the township, adjacent to the upcoming Horizon Village Outlets. The 86-unit commercial shop office development is surrounded by charming greenery, offering an array of commercial conveniences with a touch of nature. Jasper Square is set to bring vibrant and colourful atmosphere to the commercial components of Sunsuria City, promising business opportunities and sustainable growth for investors, entrepreneurs and business owners. The development of Jasper Square is expected to be completed by the third quarter of FY2018.

Bell Avenue and Bell Suites

Bell Avenue will serve as the icon of Sunsuria City, setting the standards for a smarter, more livable and more sustainable environment. Strategically located at the main gate of Xiamen University Malaysia, this 78-unit retail shop development with a GDV of RM170 million is designed to promote boundless innovation and creativity that will be the hallmark of our township's smart retail space and urban living concept. We are also targeting to complete the development of Bell Avenue by the third quarter of FY2018.

Bell Avenue and Bell Suites (Cont'd)

Comprising 478-units, the Bell Suites SOHO development is nestled next to Bell Avenue. This RM176.3 million GDV development was launched in March 2017 and has recorded strong sales take up.

95%
of Bell Avenue has been sold

The Olive

The Olive, with a GDV of RM285.3 million, is the first residential development of Sunsuria City. Launched in November 2016, it comprises 663 units housed in three blocks. This freehold condominium development is orientated in a north-south direction not only to minimise exposure to solar heat, but also to take advantage of stunning views overlooking the pool deck and recreation areas. The Olive is punctuated by lush greenery as well as 1,000 metres of jogging and cycling tracks that encircle the entire project, enabling joggers and cyclists to carry out their activities in a safe and secure environment. With breath-taking views of Xiamen University Malaysia, The Olive is designed for the new generation of buyers, first-time homeowners, parents of students who study in or around Putrajaya South, as well as business-owners and investors.

Sub-structure works on The Olive were completed at end FY2017, while good progress is being made on the main building works.

Suria Residence

Suria Residence, a freehold luxurious 545-units serviced apartment development with full amenities in the matured neighbourhood of Bukit Jelutong with a project GDV of RM289.3 million, is expected to be completed by the third quarter of FY2018. Suria Residence was announced the winner of the Best Residential Landscape Architecture Malaysia award at The Asia Pacific Property Awards (APPA) 2015-2016 event.

The Forum

The Forum 1, comprising 264 units of retail lots and offices in Setia Alam under the Group's 51%-owned subsidiary, Sunsuria Forum Sdn Bhd, was launched in March 2015. The Forum 1 is the first phase of an innovative integrated development spread over 13.6 acres of freehold land. Adjacent to Forum 1, is our upcoming Forum 2 development. The Group is also expected to complete the development of Forum 1 by the third quarter of FY2018.

New Launches

For FY2018, several projects with a GDV of approximately RM1 billion will be rolled out, with Sunsuria City contributing 55% of this total.

Sunsuria Forum

Monet Residences

In October 2017 (the start of our FY2018), we launched a landed residential development known as Monet Lily. With a total GDV of RM151.5 million, Monet Lily, comprising 211 units of terraced houses, is the first landed residential development in Sunsuria City. This was followed by the launch of Monet Garden, comprising 360 units of townhouses with a GDV of RM241.8 million, in November 2017. Monet Springtime, which comprises 308 terrace houses with a GDV of RM255.3 million will be launched by the first half of FY2018.

MONET GARDEN COMPRISES 360 UNITS OF TOWNHOUSE WITH A GDV OF
RM 241.8 MILLION

Forum 2

The third quarter of FY2018 will be an exciting time for the Group. Whilst we will be heavily occupied with the handover of keys to purchasers of Suria Residence, Forum 1, Jasper Square and Bell Avenue, we will also launch The Forum 2. Sitting on 6.6 acres of freehold land, this mixed commercial development comprises retail units, a 21-storey office tower, 33-storey SOHO serviced suites and a 41-storey serviced apartment. The office tower and SOHO service suites components (with a combined GDV of RM524.5 million) are targeted for launch first, whist the serviced apartments will be lined up for sale in the following financial year.

Monet Garden

The Forum 2 strongly advocates the concept of combining business and leisure, giving businesses and residents a complete lifestyle experience in the heart of Setia Alam which is the "most sought-after location" within the Shah Alam/ Klang/ Meru region. It has excellent connectivity via Persiaran Setia Alam to other major road linkages and is well-connected and well-served by the North Klang Valley Expressway, Federal Highway and the Klang Bypass/ Shapadu Expressway (West), all of which provide easy access to work places at major business hubs.

As the Group works hard to implement our various project undertakings, we remain committed to upholding our customer-centric approach in all that we do and to delivering outstanding, sustainable value to our customers.

BUSINESS RISKS

In line with Bursa Malaysia Securities Berhad's disclosure requirements, our Senior Management has identified two key anticipated or known risks that we are currently exposed to that may have a material effect on our operations, performance, financial condition, and liquidity. We also highlight the strategies to mitigate these risks.

Succession Risk

We face the risk of an interruption in business in the absence of qualified top management. This may be the result of individuals retiring, resigning or meeting with unforeseen circumstances such as accidents or sickness. As a consequence, this may lead to a loss of morale among employees or a lack of business direction for the Group. To mitigate this, we have initiated a succession planning process to ensure that qualified personnel are in place to readily fill key positions should the need arise.

Investment Risk

We also face the risk of being unable to synergise with acquired or joint venture companies such as Sunsuria Asas or Citic Sunsuria. This may stem from different working cultures or a management conflict and could possibly lead to the loss of morale, unnecessary distractions and the waste of resources, plus high staff turnover. To counter this, Senior Management has been tasked with clearly defining business objectives and performing adequate due diligence of the target company.

MOVING FORWARD

According to the International Monetary Fund's World Economic Outlook ("WEO") bulletin released in October 2017, the global pickup in activity that started in the second half of 2016 gained further momentum in the first half of 2017. Growth is forecast to rise over 2017 and 2018 in emerging market and developing economies, supported by improved external factors.

The Malaysian economy too is expected to remain resilient in 2018, with real GDP expected to grow between 5% and 5.5% led by domestic demand. Against this backdrop of a strengthening economy, the Real Estate and Housing Developers' Association ("REHDA") is optimistic of the outlook for Malaysia's property sector in the first half of 2018.

Sunsuria Dream Team

MOVING FORWARD (CONT'D)

The growth momentum of the Malaysian construction industry too is expected to strengthen in 2018 on the back of the effective execution of various projects identified under the 11th Malaysia Plan ("11MP") and the Economic Transformation Programme, together with the continued rollout of various public-private partnership projects. Under the 11MP (2016-2020), a budget allocation of RM260 billion has been set aside, some 13% higher than the 10MP. Between 2016 and 2017, some RM45 billion and RM46 billion were respectively allocated for infrastructure spending. This leaves a balance of RM169 billion for the years 2018 to 2020. Assuming that this amount is spread uniformly over a three-year spread, spending momentum could pick up strongly in 2018.

These developments augur well for the Group's outlook and the sustainability of our future performance. The good progress of the construction sector in particular bodes well for our ambitions to enter the construction segment.

Moving forward, we are cautiously optimistic about our prospects. Despite the challenge of a property overhang for properties above RM1 million, we are proceeding as scheduled as we believe that Malaysians require property for investment or their own use. With the right product in the right location, we are confident that our core property development business will do well. We will also look at participating in infrastructure projects and have already begun to ramp up our efforts in this area. In all that we venture to undertake, we will do our due diligence and ensure the outlook and sustainability of each key project.

FY2017 was nothing short of fantastic for Sunsuria, with the launching of the first two residential developments in Sunsuria City. Behind our success lies a dynamic, young and energetic, entrepreneurially-minded team who understand the market and our target audiences. They are ever ready to tap experimental or innovative measures that will enable us to roll out our various offerings to the market in a much faster manner. Our next step is to empower our Sunsuria Dream Team by strengthening their leadership proficiencies to foster a progressive performance-driven culture. By fashioning a team that is empowered and more passionate, we believe we can elevate our customer-centric service levels.

We will continue to tap innovation to enhance Sunsuria's corporate branding and positioning, ensuring that our core values of "Respectful, Committed and Progressive" remain distinctly visible in and relevant to everything that we do. This is our promise to our customers. To stand out from the clutter, Sunsuria will continue to implement a strategy of rolling out catalytic customer-centric developments that bring about sustainable cash flow.

GROUP

FINANCIAL HIGHLIGHTS

For The Five Years Ended 30 September 2017

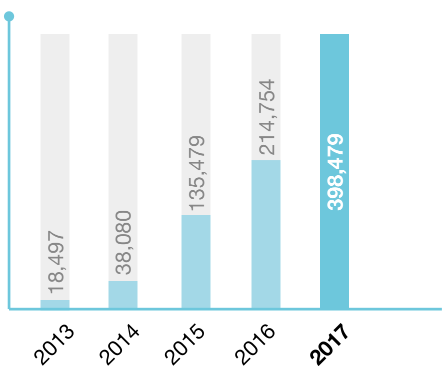
YEAR	2013	2014	2015 (18 months ended Sep 2015)	2016	2017
Revenue (RM'000)					
- continuing operations	15,343	35,462	110,163	202,401	398,479
-discontinued operations	3,154	2,618	25,316	12,353	-
Profit after taxation attributable to owners of the Company (RM'000)	989	3,564	15,103	43,839	90,748
Total Borrowings (RM'000)	-	-	31,489	221,363	181,348
Equity attributable to owners of the Company (RM'000)	70,525	88,254	581,693	680,751	769,004
Gearing Ratio (times)	-	-	0.05	0.32	0.24
Basic Earning/(Loss) Per Share (sen) *					
- continuing operations	(0.69)	1.29	11.74	4.80	11.36
- discontinued operations	1.45	1.30	(5.24)	0.93	-
Net Asset Per Share (RM) **	0.54	0.56	0.79	0.86	0.96
No. of shares ("000")	130,361	158,361	735,487	798,833	798,836

** Based on weighted average number of shares issued during the period/year.*
*** Based on number of shares issued as at end of financial year.*

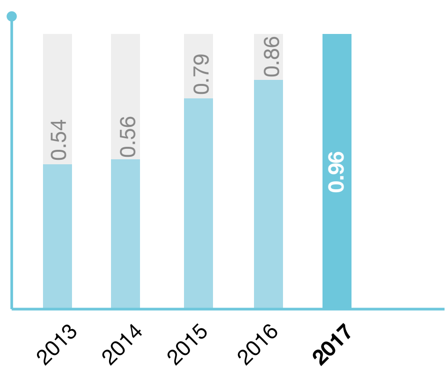
Segmental : Revenue

YEAR	2013 RM'000	2014 RM'000	2015 (18 months ended Sep 2015) RM'000	2016 RM'000	2017 RM'000
Manufacturing	15,103	16,880	25,316	9,301	-
Leasing	3,154	2,618	-	-	-
Property Development	-	18,394	95,158	198,933	397,837
Others	240	188	15,005	6,520	642
	18,497	38,080	135,479	214,754	398,479

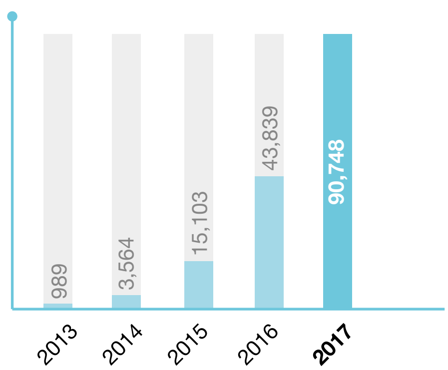
REVENUE (RM'000)



NET ASSETS PER SHARE (RM)

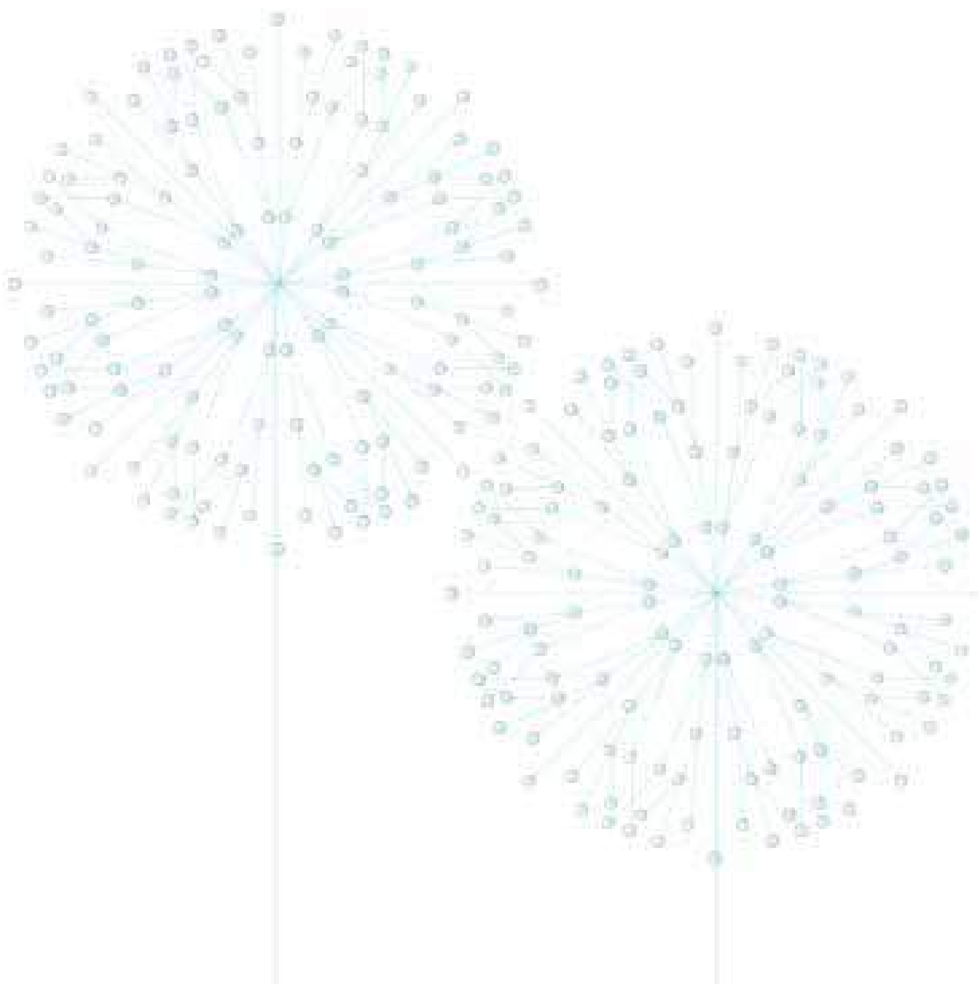


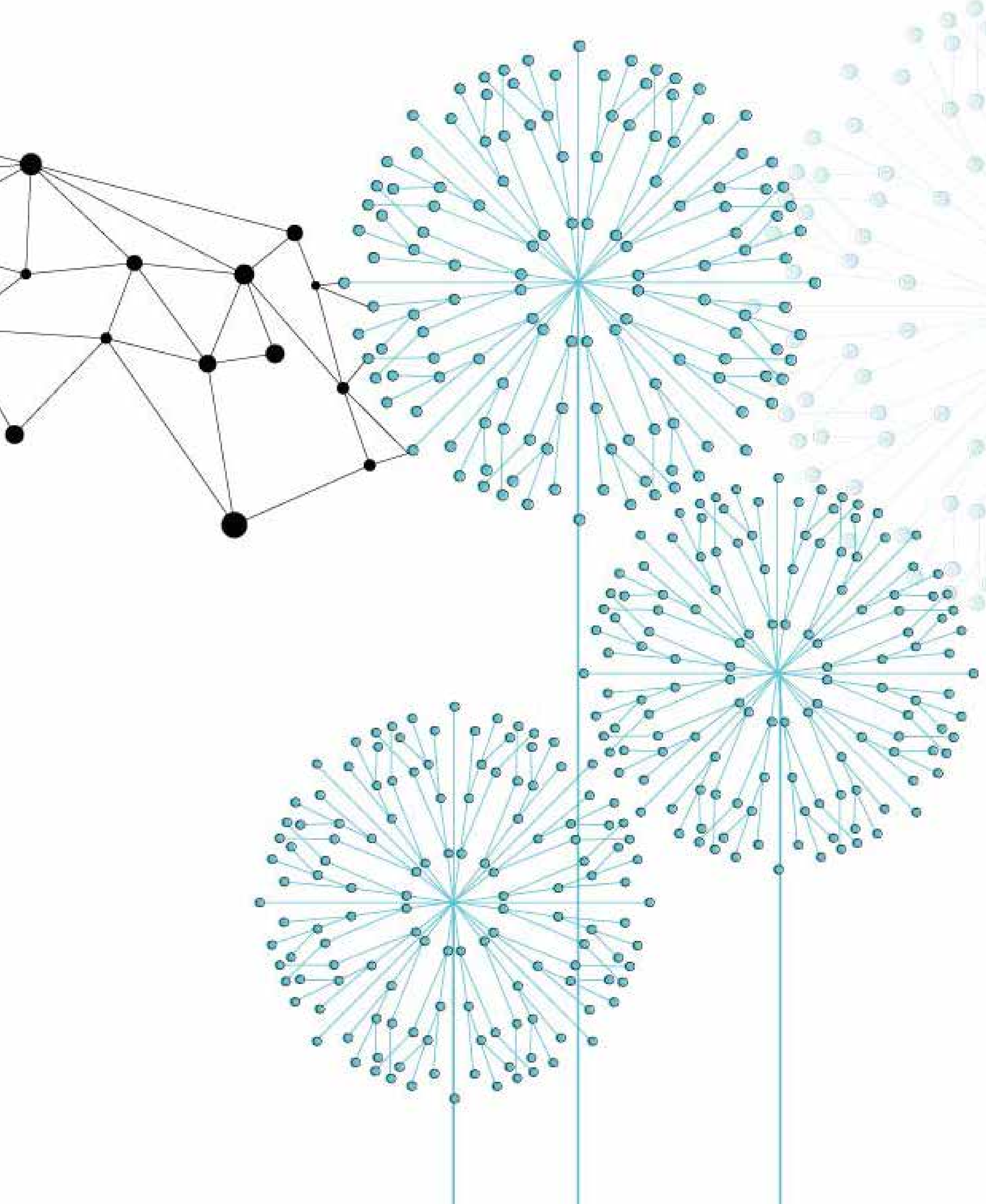
PROFIT AFTER TAXATION ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



reach.

AS WE ARE GROWING, WE ARE ALSO CONSTANTLY SEEKING NEW OPPORTUNITIES TO REACH FURTHER WHERE GREATER GROWTH BECKON TOWARDS A BRIGHTER FUTURE.





BOARD OF DIRECTORS

Standing From Left to Right:

DATO' QUEK NGEE MENG
Non-Independent Non-Executive Director

TAN PEI GEOK
Senior Independent Non-Executive Director

DATIN LOA BEE HA
Non-Independent Non-Executive Director

Seated From Left to Right:

KOONG WAI SENG
Executive Director/
Chief Executive Officer

TAN SRI DATUK TER LEONG YAP
Executive Chairman

DIRECTORS' PROFILE

TAN SRI DATUK TER LEONG YAP

Executive Chairman, Key Senior Management

Tan Sri Datuk Ter Leong Yap, male, age 54, a Malaysian, was appointed to the Board on 22 January 2014. He graduated from the University of Malaya with Honours in Engineering. His foray into the industry began with a construction and material handling equipment business back in 1989. Since then, Tan Sri Datuk Ter has diversified his business interests to include property development and education.

Armed with a wealth of experience, determination, and an impeccable track record in the property development sector, he has successfully incorporated his personal vision and mission into Sunsuria, making it the very essence of the Company. Tan Sri Datuk Ter strongly believes in running Sunsuria with upmost integrity and reliability.

Tan Sri Datuk Ter holds several distinguished positions within the region. He is the President of The National Chamber of Commerce and Industry Malaysia (NCCIM), The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) and The Chinese Chamber of Commerce & Industry of Kuala Lumpur & Selangor (KLSCCCI). He is also a member of the Malaysia-China Business Council, Director of the Xiamen University Malaysia, Honorary President of the Young Malaysia Movement (YMM), Committee Member of the China Overseas Exchange Association, Member of the World Chinese Entrepreneurs Convention (WCEC) Advisory Committee, Vice-Chairman of Hin Hua High School, Vice-Chairman of Pin Hwa High School, Director of Kuen Cheng High School and Chairman of The Board of SJK(C) Sunsuria.

On 9 September 2017, Tan Sri Datuk Ter was conferred the Darjah Kebesaran PANGLIMA SETIA MAHKOTA (PSM), carrying the title Tan Sri, by His Majesty The Yang Dipertuan Agong XV Sultan Muhammad V at the investiture ceremony held in conjunction of His Majesty's official birthday anniversary at the Palace. He was also conferred the Panglima Jasa Negara (PJN), carrying the title Datuk, and Ahli Mangku Negara (AMN) in 2011 and 2001 respectively. In 2016, Tan Sri Datuk Ter was named the National Unity Ambassador by the Department of National Unity and Integration (JPNIN).

Tan Sri Datuk Ter won The Edge Malaysia Outstanding Property Entrepreneur Award 2017.This Award is bestowed upon industry leaders who have contributed significantly towards growing their companies and the property industry. In 2008, Tan Sri Datuk Ter received the Outstanding Malaysian Hokkien Award from the Federation of Hokkien Associations Malaysia and was also named the Business Excellence Person of the Year by Sin Chew Business Excellence Award in 2014.

He attended five (5) of five (5) Board Meetings held in the financial year ended 30 September 2017.

KOONG WAI SENG
Chief Executive Officer, Key Senior Management

Koong Wai Seng, male, aged 50, a Malaysian, was appointed to the Board on 6 November 2013. He is a member of Risk Management Committee. He graduated with a Bachelor of Accountancy (Honours) degree from the University of Malaya in 1993.

He is a member of the Malaysia Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA). He has more than 20 years of financial and general management experience in a variety of industries including audit, financial advisory, leisure, hospitality, healthcare, property development and property investment.

He began his career with a chartered accounting firm before joining a property listed company for 13 years where he was appointed as Chief Financial Officer and later as the Group Finance Director of the listed group. Subsequently, he joined another property listed company as Executive Director before assuming his current position at Sunsuria Berhad.

He attended five (5) of five (5) Board Meetings held in the financial year ended 30 September 2017.

DATO' QUEK NGEE MENG
Independent Non-Executive Director

Dato' Quek Ngee Meng, male, age 49, a Malaysian, was appointed to the Board on 24 November 2017. He is a Chairman of the Risk Management Committee and is also a member of the Audit Committee, Nomination Committee and Remuneration Committee. He graduated with a Bachelor Degree in Economics and Law respectively from the University of Adelaide, Australia. He also graduated with a Master Degree of Laws from the National University of Singapore.

After commencing private practice with a legal firm in Johor Bahru for 2 years, Dato' Quek served as in-house legal counsel of the SMI Group, a company dealing with plywood with its operational headquarters in Singapore from 1997 to 2000. He then set up his own practice in 2000 as Halim Hong & Quek.

Having been in practice for more than 20 years, Dato' Quek has extensive legal experience in various areas notably cross border investment, real property and land, corporate and commercial. He is regularly sought by multi-national companies, major developer and financial institutions for advice and representation. He is sought by major corporations for strategic advice on investment plans including cross-border transactions as well as review of commercial contracts and agreements. Business councils regularly seek him for advice and representation. His vast experience in strategic advice has earned him a spot in these organizations where he currently serves as the director of Malaysia-China Business Council and as the Chairman of Silk Road Business Council Malaysia Committee. Dato' Quek is also the co-chairman of Malaysia-China Commercial Law Cooperation Committee.

Dato' Quek is active in advocating social causes, in particular against Batang Kali massacre where he was appointed as the coordinator of the Action Committee Condemning the Batang Kali Massacre in December 1948 to seek justice against the killings perpetrated by the British armies.

In the legal fraternity, Dato' Quek is an arbitrator of the Kuala Lumpur Regional Centre for Arbitration (KLRCA) and serves as a panel member of the Disciplinary Committee of the Advocate & Solicitor's Disciplinary Board. He frequently speaks at international and local conferences on law-related subjects including the Belt & Road issues.

TAN PEI GEOK

Senior Independent Non-Executive Director

Tan Pei Geok, female, aged 56, a Malaysian, was appointed to the Board on 1 October 2015. She is a Chairman of the Audit Committee, Nomination Committee and Remuneration Committee. She is also a member of the Risk Management Committee. She graduated with a Bachelor of Economics degree from Monash University in 1983. She is also a member of the Certified Practising Accountants (CPA Australia) and the Malaysian Institute of Accountants (MIA).

She began her career as an audit assistant with Binder Hamlyn before joining Public Bank Berhad, where she served for over 20 years in various credit-related departments. She was the Deputy Director of Corporate Banking in the bank before she left to join HealthScan Malaysia Sdn Bhd, a leading medical and diagnostic centre, as its Chief Executive Officer in 2004. Her position has since been re-designated as the Director of HealthScan Malaysia in 2016 when the operations of the Company were injected into Cardiac Vascular Sentral (Kuala Lumpur) Sdn Bhd, an integrated cardiac vascular hospital.

She attended five (5) of five (5) Board Meetings held in the financial year ended 30 September 2017.

DATIN LOA BEE HA

Non-Independent Non-Executive Director

Datin Loa Bee Ha, female, age 54, a Malaysian, was appointed to the Board on 21 August 2014. She is a member of the Audit Committee, Nomination Committee and Remuneration Committee. She graduated from the University of Malaya with a Bachelor of Accounting (Honours) degree and is currently a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA).

She began her career with Price Waterhouse in 1989 and later joined Team Accountants Sdn Bhd, an investment holding company in 1994 as the Finance Manager for 12 years.

She was previously on the Board of Director of Taylor's College Sdn Bhd, Garden International School Sdn Bhd and Taylor's International School (KL) Sdn Bhd. Currently, she is also a Director of Rentak Flora Sdn. Bhd.

She attended five (5) of five (5) Board Meetings held in the financial year ended 30 September 2017.

Other Information

- Tan Sri Datuk Ter Leong Yap is a major shareholder of the company.
- Except as disclosed above, none of the other Directors has any family relationship with any Directors and/or major shareholders of the Company.

Conflict of Interest

None of the other Directors has any conflict of interest with the Company except as disclosed.

Conviction for Offences

None of the Directors have been convicted of any offences within the past 5 years other than traffic offences.

None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

SENIOR
MANAGEMENT TEAM PROFILES

SIMON KWAN HOONG WAI
Chief Operating Officer

Simon Kwan, male, age 45, a Malaysian, joined Sunsuria Group in 2009 and was promoted to Chief Operating Officer on 2 January 2018. He is responsible for the local and regional business development, property and asset management and oversees the Sales and Marketing Department, Customer Experience, Corporate Communication, branding and security services of Sunsuria Group.

He has over 20 years of professional experience that spans across the whole breadth and depth of marketing, encompassing sales, branding, corporate social responsibility and customer service. A hands-on person covering both townships and mixed developments, he has also led product development, project management, sales staff management and motivation, sales administrative functions, as well as public relations and social/digital marketing.

He holds a Master in Business Administration (Marketing) from the University of Southern Queensland, Australia.

LEE SWEE KHENG
Chief Financial Officer

Lee Swee Kheng, female, age 53, a Malaysian, joined Sunsuria Group on 15 August 2016 as Finance Director and was promoted to Chief Financial Officer on 2 January 2018.

She has more than 30 years of work experience and has held various finance positions in the property development, hotel and leisure sectors. She began her career in public accounting firms before joining various public listed companies as an Accountant and later on as General Manager, Finance.

She holds a Diploma in Financial Accounting from Kolej Tunku Abdul Rahman. She is a member of the Malaysian Institute of Accountants (MIA) and Fellow of the Association of Chartered Certified Accountants (FCCA).

WONG CHIEW MENG
Senior Director, Project

Wong Chiew Meng, male, age 41, a Malaysian, joined Sunsuria Group as a Senior Director, Project on 2 October 2017.

He has over 18 years of working experience in the property development and construction industries. Prior to joining Sunsuria Berhad, he was the General Manager of the property division in a public listed group involved in property development.

He holds a Master in Business Administration from the University of East London and Bachelor degree in Civil & Structural Engineering from University of Malaya.

Other Information

- Mr Simon Kwan Hoong Wai is the brother-in-law to Tan Sri Datuk Ter Leong Yap, a Director and major shareholder of the Company.
- Except as disclosed above, none of the other Senior Management Team members have any family relationship with any Directors and/or major shareholders of the Company.

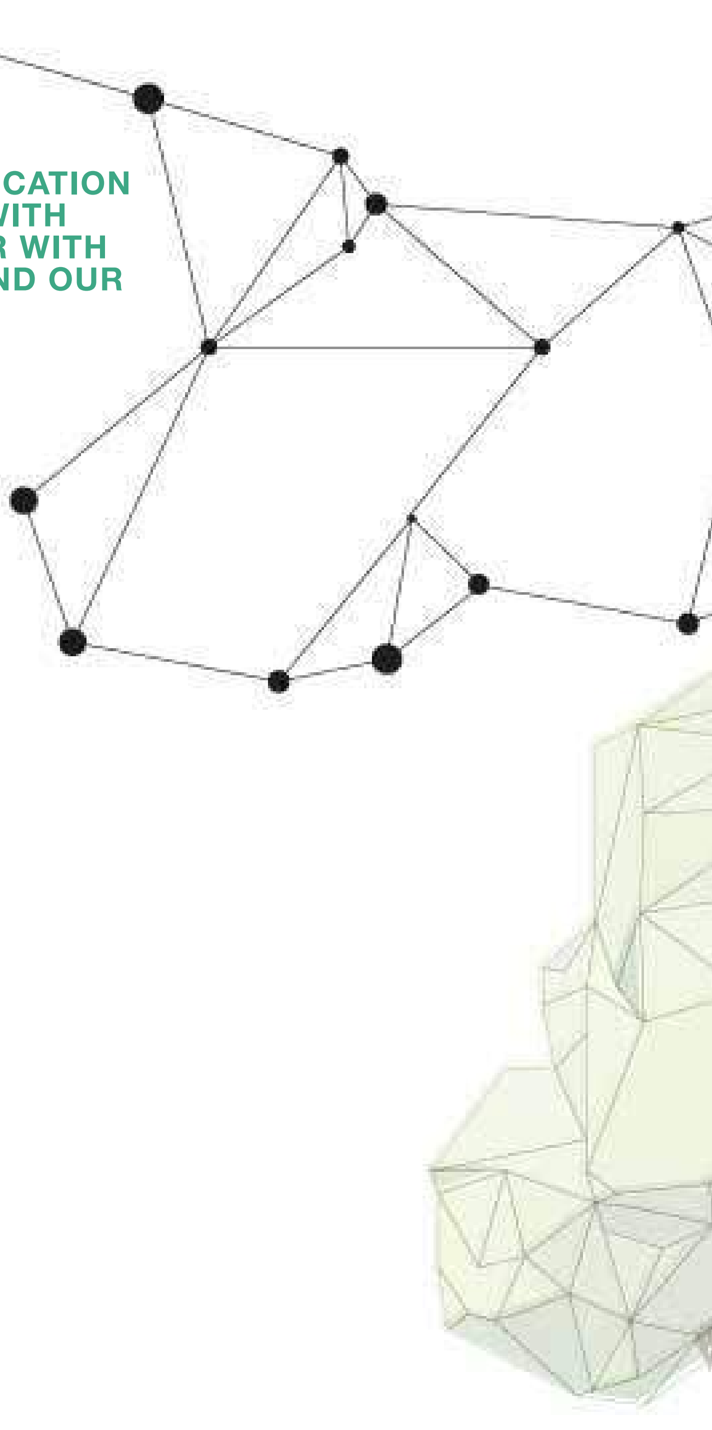
Conflict of Interest
None of the other Senior Management Team members have any conflict of interest with the Company except as disclosed.

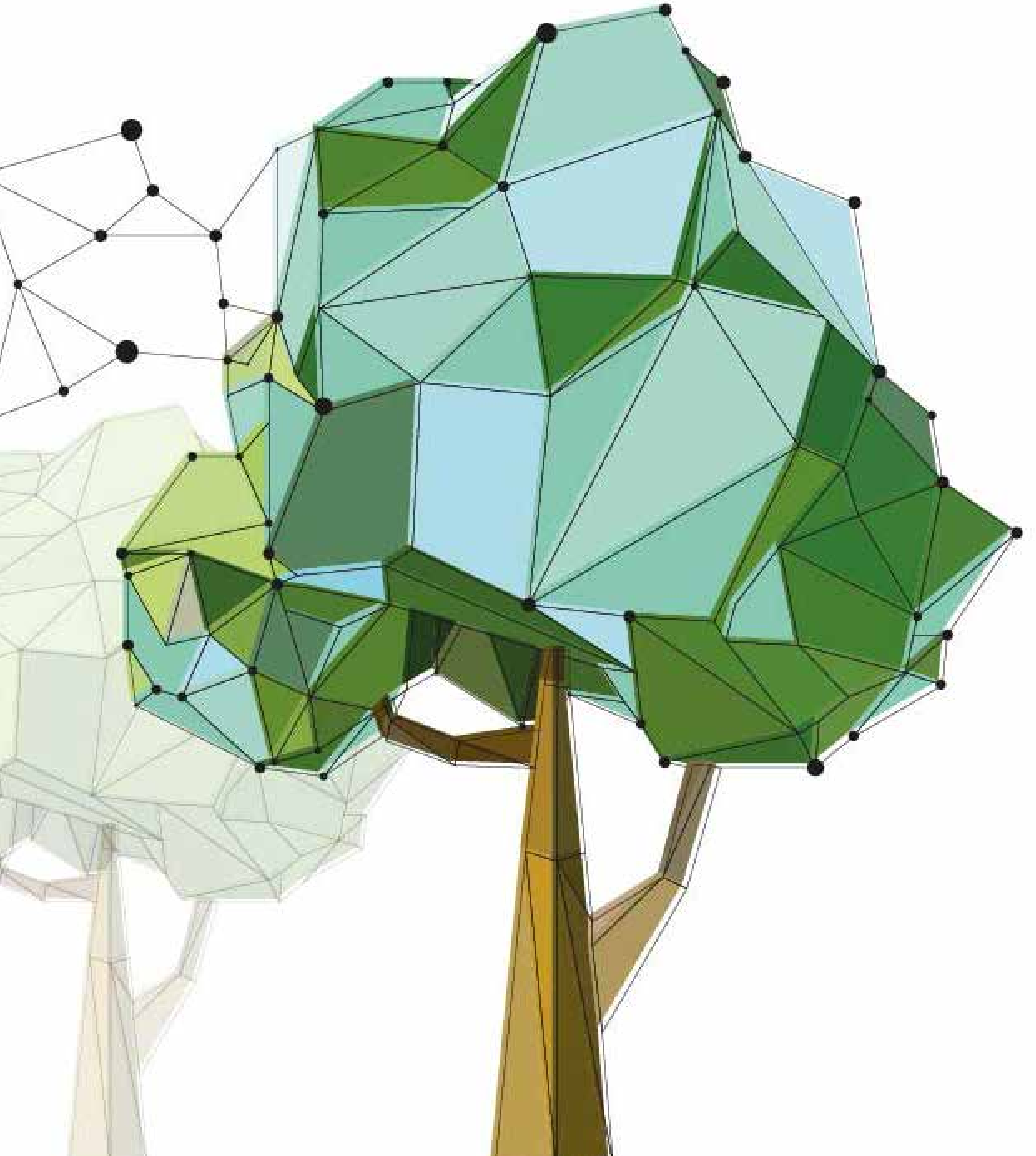
Conviction for Offences
None of the Senior Management Team members have been convicted of any offences within the past 5 years other than traffic offences.

None of the Senior Management Team members have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

strength.

AS WE PURSUE SUCCESS THROUGH DEDICATION AND DETERMINATION, WE ARE ROOTED WITH THE BELIEF OF CONTINUING TO PROSPER WITH OUR ASTUTE BUSINESS MANAGEMENT AND OUR PRISTINE REPUTATION.





ACCOLADES

1. **Focus Malaysia Best under Billion Awards 2015**
   Best Enterprise Value Growth (Runner-up) - Sunsuria Berhad

2. **Noble Excellence Awards 2016**
   Catalytic Developer Award - Sunsuria Berhad

3. **Property Insight Prestigious Developer Awards 2016**
   Top 10 Developers - Sunsuria Berhad

4. **Property Insight Prestigious Developer Awards 2016**
Best Sustainable Township Development - Sunsuria City

5. **The Starproperty.my Awards 2017**
The Neighbourhood Award (Honours) -
Best Boutique Township (below 500 acres) - Sunsuria City

6. **The Edge Billion Ringgit Club 2017**
Highest Returns To Shareholders over Three Years (Gold) -
Property Below RM3B Market Capitalisation - Sunsuria Berhad

"In line with the Group's corporate tagline, "Building Today, Creating Tomorrow", we continue to undertake effective corporate social responsibility ("CSR") initiatives that are having an immediate and tangible effect as well as a long-lasting impact on our customers, employees, communities and the environment."

*** SUNSURIA CITY CELEBRATION CENTRE***

STATEMENT OF
CORPORATE SOCIAL RESPONSIBILITY

Melinda Looi x Sunsuria Charity for Children Event

Melinda Looi x Sunsuria Charity for Children Event

Our Commitment To Responsible Corporate Practices

As a conscientious corporate citizen, we at Sunsuria are deeply committed to balancing out our economic ambitions with social and environmental considerations. In line with the Group's corporate tagline, "Building Today, Creating Tomorrow", we continue to undertake effective corporate social responsibility ("CSR") initiatives that are having an immediate and tangible effect as well as a long-lasting impact on our customers, employees, communities and the environment. To us, CSR is more than merely a business practice – it remains an integral part of our corporate culture and continues to be deeply embedded within our organisation.

The year in review saw us continuing to make a positive and lasting impact on our many stakeholders and the environment through initiatives that upheld the values of volunteerism, compassion and sustainability.

Committed to Investing in Our Future, Today

In upholding our corporate tagline, we are dedicated to strengthening the capabilities of our diverse stakeholders today, so that they can step into a brighter future tomorrow. We recognise that education is a fundamental building block to long-term success and continue to ensure that those in need have a better chance to achieve their full potential.

Aside from donations to a host of schools, universities and welfare organisations, we continue to invest in deserving children through full or partial scholarships. Sunsuria scholarship recipients are chosen based on need and merit, with no discrimination towards race, culture or course of study. We are proud to say that our current batch of Sunsuria Scholars stem from different ethnicities and are undertaking courses covering a broad range of subjects from Finance to Medicine.

Sunsuria also continues to reach out and lend a hand to less fortunate families by providing assistance for their children's education. For the year in review, we supported the education needs of children from needy families through providing them education grants every month.

Within Sunsuria, we are deeply committed to infusing the virtues of learning within our staff. As part of our efforts to empower our Sunsuria Dream Team, we are today focusing on bolstering their leadership proficiencies to foster a progressive performance-driven culture. At the same time, we continue to reward our staff's children for turning in excellent academic achievements.

Within Sunsuria City, sits Xiamen University Malaysia, the first overseas campus of one of China's top-ranked research universities and one of the most significant education-related collaborations between Malaysia and China. Not only does this cutting-edge university provides Malaysians affordable access to top quality education, but it also ensures that the funds into the university are reinvested back into the institution for scholarships as well as research and development.

Xiamen University @ Sunsuria City

Smart Bicycle-Sharing Programme

Committed to Preserving Our Environment

As part of our commitment to upholding the agenda of sustainability within our operations, we continue to implement eco-conscious operations that mitigate the impact of our activities on the environment. To date, we have been implementing an array of environmental preservation activities throughout our workplaces, business processes and commercial ventures. These include:

- The rollout of educational programmes on the environment such as our daily Reduce, Reuse and Recycle initiative to raise environmental awareness amongst employees and other stakeholders;
- The implementation of a smart bicycle-sharing programme in Sunsuria City to reduce emissions and promote healthier lifestyles;
- The introduction of tree-planting exercises in Sunsuria City; and
- The establishment of a "Cash for Trash" programme whereby all proceeds collected from the sale of recyclables are used to aid the less fortunate.

SUNSURIA CONTINUES TO IMPLEMENT **ECO-CONSCIOUS** OPERATIONS

EV Charging Station

Through a collaboration with PRG Holdings Berhad's wholly-owned unit, Premier Electrify Sdn Bhd ("PESB"), June 2017 saw us rolling out an initiative to promote the use of electric vehicles ("EVs") at Sunsuria City thereby underscoring the township's "Smart, Livable, and Sustainable" mandate. This exercise will involve the deployment of a free EV charging station by PESB at the Sunsuria City Celebration Centre. This collaboration, which complements Malaysia's sustainable development agenda and its ambition of building a competitive green economy, will be the first of many green initiatives that we will roll out in support of the core principles of Sunsuria City.

3,500 Participants turned out for The Sunsuria Foodiethon 2017

Ride for Malaysia Event

Committed to Nation Building

Sunsuria is deeply committed to implementing nation-building initiatives that promote national unity and racial harmony.

Our efforts to date have included being a corporate partner for the "MyHero Award 2.0" event organised by the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor ("KLSCCI") and *Nanyang Siang Pau*, with the support of the National Unity and Integration Department and the Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM"), together with corporate sponsor, Bank of China. This award, which pays tribute to unsung heroes from all walks of life for going above and beyond to help others regardless of racial, cultural or religious differences, fits in neatly with Sunsuria's corporate values of being "Respectful, Committed and Progressive".

The year also saw us organising the Sunsuria Foodiethon 2017 event, a crossover collaboration with the "Running with the Stars" platform, which accorded participants the trifecta of entertainment, sports and food. This event, which saw some 3,500 participants converging at the Sunsuria City Celebration Centre for fun runs, did its bit to bring Malaysians of all races and ages together. We matched the RM15,000 proceeds from the registration fee with our own contribution and donated a total of RM30,000 to the Little Yellow Flower Education Foundation.

SUNSURIA DONATED A TOTAL OF
RM30,000
TO THE LITTLE YELLOW FLOWER EDUCATION FOUNDATION

In collaboration with The Star Media Group, we organised the inaugural "Ride for Malaysia" event which saw some 2,000 cyclists of all backgrounds and races come together in a show of national unity and patriotism. From public figures and corporate leaders, to families with children and students, this event showed that the spirit of Merdeka is very much alive in our multi-cultural nation.

The events and activities held at the Sunsuria City Celebration Centre are in line with our efforts to promote "positive living" within Sunsuria City, making the township an appealing and highly livable future destination. Sunsuria is proud to have played a part in upholding a host of worthy social and environmental causes. Moving forward, the Sunsuria Group remains committed to embedding good corporate practices within our operations today, so that we stand out as a model for responsible corporate behaviour and help create a better tomorrow.

Sunsuria Dream Team

CORPORATE GOVERNANCE
STATEMENT

The Board of Directors of Sunsuria Berhad ("Sunsuria" or "Company") recognises the importance of maintaining good corporate governance practices within Sunsuria and its subsidiary companies ("Sunsuria Group" or the "Group") as it is the Board's fundamental responsibility to protect and enhance long-term shareholder value and the financial performance of Sunsuria Group, whilst taking into account the interest of all stakeholders.

The Board is guided by the principles and recommendations of the Malaysian Code on Corporate Governance, which was first issued in 2000 and subsequently revised in 2007 and 2012 ("MCCG 2012") in implementing its governance system and ensuring compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board acknowledges and takes note of the new Malaysian Code on Corporate Governance 2017 ("new MCCG"), which was released on 26 April 2017. The new MCCG introduces substantial changes and recommendations with the objective of raising the standards of corporate governance of companies in Malaysia. The first set of companies required to report on conformance with the recommended practices of the new MCCG in their annual reports are companies with financial years ended 31 December 2017.

As the financial year of the Company ended on 30 September 2017, the application of the practices in the new MCCG will be due for reporting in our Annual Report 2018 for the financial year ending 30 September 2018.

The Board is pleased to disclose how the Group has applied the principles set out in the MCCG 2012 to its particular circumstances, having regard to the recommendations stated under each principle and governance standards prescribed and the provisions of the Listing Requirements, and the extent to which it has complied with the principles and recommendations under MCCG 2012 for the financial year ended 30 September 2017, and any non-observation of the recommendations of the MCCG 2012, including the reasons thereof.

LEADERSHIP

Board Charter

The Board Charter outlines the roles and responsibilities of the Board and those which it delegates to the various Board Committees. It also serves as a reference and primary induction literature, providing Board members and Management insight into the function of the Board. The Board's specific reserved matters covering areas such as strategy and business planning, financials and controls are entrenched in the Board Charter.

The Board Charter is available online in the Investor Relations section at www.sunsuria.com.

PRINCIPLE 1 – ESTABLISH CLEAR ROLES & RESPONSIBILITIES

Clear Functions of the Board and Management

The Board leads the Group and plays a strategic role for the oversight and overall management of the Company. The Directors recognise the key role they play in charting the strategic direction, development and control of the Sunsuria Group. The key responsibilities of the Board include:

a. *Review and approve strategic and Annual Business Plan and Budget*

   The Board plays a key and active role in the formulation and development of the Company's strategy and in monitoring its performance and implementation. The proposed business plan and budget are presented by the Management of Sunsuria annually to the Board. The Board reviews and deliberates in detail on the Group's annual business plan and budget proposals, taking into account the need for new strategic initiatives which provide avenue for growth. The Board conducts a mid-year review of the 2017-2019 Business Plan and Budget including the financial performance, where the performance targets set by the Board were compared against the actual performance for the year-to-date.

b. *Overseeing Conduct of the Company's business*

   The Chief Executive Officer ("CEO") is responsible for the day-to-day management of the business and operations of the Group with respect to both its regulatory and commercial functions. The management's performance under the leadership of the CEO is monitored by the Board through quarterly status report which is tabled to the Board and includes a comprehensive summary of the Group's operating drivers and financial performance during each reporting period.

PRINCIPLE 1 – ESTABLISH CLEAR ROLES & RESPONSIBILITIES (CONT'D)

Clear Functions of the Board and Management (Cont'd)

c. *Identifying Principal Risks and ensuring implementation of internal controls and mitigation measures*

The Board through the Risk Management Committee ("RMC") oversees the risk management framework of the Group. The RMC advises the Audit Committee and the Board on areas of high risk and the adequacy of the compliance and control procedures throughout the organisation.

A periodical update on the key risk profile of the Group is presented by the RMC to the AC and the Board. The RMC reviews the major risks that the Group faces in its business and operations, and the management controls the processes that are in place to manage those risks. The systems are designed to manage and not eliminate risks and to provide reasonable assurance against any misstatement or loss.

The details of the RMC and the Company's risk management framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

d. *Reviewing adequacy and integrity of management information and internal control system*

The Board is ultimately responsible for the adequacy and integrity of the Company's internal control system. Details pertaining to the Company's internal control system and its effectiveness are available in the Statement on Risk Management and Internal Control of this Annual Report.

Sunsuria has in place the Discretionary Authority Limits ("DAL") document in support of the Board Charter. The DAL serves to optimise operational efficiency and outlines high level duties and responsibilities of the Board and delegates day-to-day management of the Company to the CEO. This delegation structure is further cascaded by the CEO to the Senior Management Team ("SMT") within the Company's Code of Conduct. The CEO and the SMT remain accountable to the Board for the authority being delegated.

Clear Roles and Responsibilities of Chairman and CEO

The positions of the Executive Chairman and CEO are held by different individuals to ensure a balance of power and authority between the Executive Chairman and CEO. There is clear segregation of roles and responsibilities between the Executive Chairman and the CEO as set out in the Board Charter.

The Chairman is responsible for the leadership, governance and management of the Board, ensuring its effectiveness and assumes the formal role as the leader in chairing the Board meetings and shareholders' meetings. He oversees and evaluates the conduct and performance of the Group and undertakes to ensure that the Board fulfils its obligations under the Board Charter and as required under the relevant legislations.

The CEO is responsible to lead the management team in the day-to-day operations of the Company, ensuring organisational effectiveness and implementation of Board strategies, policies and decisions. He relinquishes the Chairman that plays an executive role from such responsibilities. By virtue of his position as a Board member, he also acts as the intermediary between the Board and the SMT.

The Board is aware of Recommendation 3.4 of the MCCG 2012 that the positions of Chairman and CEO should be held by different individuals, and the Chairman must be a non-executive member of the board.

In view that our Chairman is an executive member of the Board, the Nomination Committee takes cognisance that the Board should comprise majority of Independent Non-Executive Directors to ensure that there is independence of judgement and balance of power and authority on the Board. The Nomination Committee endeavours to increase the number of Independent Non-Executive Directors through active sourcing and reviewing of potential candidates taking into account of skills, knowledge, experience, expertise, commitment and who also meets the criteria of an independent director as prescribed in the Listing Requirements and its Practice Note 13 prior to recommending to the Board for approval of his/her proposed appointment as an Independent Non-Executive Director.

The Nomination Committee was satisfied that notwithstanding Tan Sri Datuk Ter Leong Yap's executive chairmanship, he has continued to discharge his duties effectively and has shown tremendous commitment and has played an integral role in the stewardship of Sunsuria Group.

PRINCIPLE 1 – ESTABLISH CLEAR ROLES & RESPONSIBILITIES (CONT'D)

Formalised Ethical Standards through Code of Conduct

With the core values of the Company rooted in integrity and reliability, it continues to promote and inculcate a healthy working culture and environment through the common code of conduct. The Code of Conduct is comprehensively listed within the Employee handbook, which is accessible through the corporate intranet.

The Code of Conduct lists down the basic policies of Compliance and Ethical Considerations, Health and Safety Consideration, the use of Confidentiality and Intellectual Property and Employee Conduct Expectation.

Whistle Blowing Policy

The Board is targeting to formalise a set of Whistle Blowing Policy and Procedures by 2018. Such policy will provide an avenue for stakeholders of the Company to raise concerns related to possible breach of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices.

The Whistle Blowing Policy will be uploaded to the Company's website or intranet upon obtaining the Board's approval.

Promoting Sustainability

The Board is mindful of the importance of building a sustainable business and is committed to the promotion of best practice principles in this regard. The Board recognises that enhancing sustainability is a long-term commitment and therefore takes into consideration the environmental, social and governance impact when developing the corporate strategy.

The Group is committed to provide a safe workplace for its employees in term of health, safety and environment and conduct its business in a way that is environmentally sound. The Group is also committed to protect the environment through conscientious efforts to ensure pollution levels are kept to a minimum in respect of its construction works. The Group also aims to eliminate all occupational injuries, prevent pollution at its source and optimise the use of natural resources.

Information on the Group's corporate social responsibility activities appears in Corporate Social Responsibility Section of this Annual Report.

Access to Information and Advice

All the Board and committee members have timely access to the relevant information pertaining to the Group as well as to the advices and services of the Company Secretaries, management representatives and independent professional advisers wherever necessary at the Company's expense, to enable the Board and committee members to discharge their duties with adequate knowledge on the matters being deliberated. The Directors may also interact directly with, or request further explanation, information or updates on any aspects of the Company's operations or business concerns from the management. They are also kept informed of the requirements and updates issued by the regulatory authorities from time to time.

Prior to each scheduled Board Meeting, all the Board members are provided with the requisite notice, agenda and Board Papers containing information relevant to the business of the meeting, which are distributed in sufficient time prior to the meetings to enable them to have ample time to peruse the papers to assess all aspects of the Group's performance. The meeting papers are disseminated electronically to enable Directors and committee members to access meeting documents and company information in a timely and more efficient manner, thus improving Board performance and overall effectiveness of decision-making. They can request for further information or clarification from Management to ensure effectiveness of the proceedings at the meeting, if necessary. Senior management members are invited to attend these meetings to explain and clarify matters.

Qualified and Competent Company Secretaries

The Company has appointed qualified named secretaries for the Company and its subsidiaries under Section 235(2) of the Companies Act, 2016. The Company Secretaries play an important advisory role to the Board in relation to the Company's constitution and advise the Board on any updates relating to new statutory and relevant regulatory requirements pertaining to the duties and responsibilities of Directors as and when necessary.

PRINCIPLE 1 – ESTABLISH CLEAR ROLES & RESPONSIBILITIES (CONT'D)

Qualified and Competent Company Secretaries (Cont'd)

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in the corporate governance through attendance at relevant conferences and training programmes. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.

All Directors have access to the advices and services of the Company Secretaries and the Senior Management staff in the Group. They may also obtain independent professional advice at the Company's expense in furtherance of their duties.

PRINCIPLE 2 – STRENGTHEN COMPOSITION

Nomination Committee

The Nomination Committee of the Company comprises exclusively of Non-Executive Directors. Its composition is as follows:

Tan Pei Geok@	-	Chairman / Independent Non-Executive Director *(Senior Independent Director)*
Datin Loa Bee Ha#	-	Member / Non-Independent Non-Executive Director
Dato' Quek Ngee Meng^	-	Member / Independent Non-Executive Director

Note:

@ Tan Pei Geok was appointed as Chairman of the Nomination Committee on 24 November 2017.
# Datin Loa Bee Ha was re-designated as a Non-Independent Non-Executive Director on 24 November 2017.
^ Subsequent to the financial year ended 30 September 2017, Dato' Quek Ngee Meng has been appointed as an Independent Non-Executive Director and a Member of the Nomination Committee on 24 November 2017.

Subsequent to the financial year ended 30 September 2017, Dato' Tan Tian Meng and Liew Jee Min @ Chong Jee Min have resigned as Chairman and Member of the Nomination Committee on 24 November 2017 and 30 November 2017 respectively.

The duties and responsibilities of the Nomination Committee are set out in its terms of reference. The Terms of Reference of the Nomination Committee is published on the Company's website at www.sunsuria.com.

During the financial year, the Nomination Committee has undertaken the following activities:

a. Conducted annual review of the structure, size and composition of the Board, including the balance of mix of skills, knowledge, experience, diversity in respect of age, gender and ethnicity as well as independence of the Independent Non-Executive Directors;

b. Reviewed the retirement by rotation and re-election of the Directors pursuant to the Constitution of the Company and the Companies Act 2016;

c. Reviewed and assessed performance of Non-Executive Directors on an annual basis based on skills, experience and core competencies which Non-Executive Directors should bring to the Board and submit its recommendations to the Board;

d. Assessed the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution, time commitment and protocols for new directorships of each individual director including Independent Non-Executive Directors and Chief Executive Officer; and

e. Reviewed the term of office and performance of the Audit Committee and each of its members annually to determine whether such Audit Committee members have carried out their duties in accordance with their terms of reference.

The Nomination Committee had on 22 November 2017 assessed the term of office and performance of Audit Committee and was of the view that the Audit Committee members have carried out their duties in accordance with its terms of reference.

The proceedings of the meeting were properly recorded and documented.

PRINCIPLE 2 – STRENGTHEN COMPOSITION (CONT'D)

Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

Composition of the Board

The Board comprises five (5) Board members with two (2) Executive Directors (the Executive Chairman and CEO), one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. This Board composition complies with Paragraph 15.02 of the Listing Requirements of Bursa Securities, which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be independent. However, the number of Independent Non-Executive Director would need to be increased further to conform with Recommendation 3.5 of the MCCG 2012 whereby the Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director.

The profile of each Director is disclosed in the Profile of Directors of this Annual Report.

The composition of the Board is further balanced by the presence of Independent Non-Executive Directors. Although all Directors have equal responsibility for the Group's business directions and operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the Management are fully discussed and evaluated, having considered the long-term interests of all interested parties, including shareholders, employees, customers, suppliers and the community as a whole.

The appointment of Datin Loa Bee Ha and Tan Pei Geok in the Board is evidenced that the Board has implemented diversity principle even though there is no gender diversity policy established for the time being. The Board membership is dependent on each candidate's skills, experience, core competencies and other qualities.

Tan Pei Geok, who is the Chairman of Nomination Committee, was appointed as Senior Independent Director on 24 November 2017 consequent upon the resignation of Dato' Tan Tian Meng. Any queries and concerns pertaining to the Group may be conveyed to her.

Consequent to Dato' Tan Tian Meng's appointment as a Chief Executive Officer within the Sunsuria Berhad Group, Datin Loa Bee Ha, being the spouse of Dato' Tan Tian Meng, shall no longer meet the criteria as an Independent Director under the definition of the Listing Requirements and thereby Datin Loa Bee Ha has been re-designated as Non-Independent Non-Executive Director on 24 November 2017.

Decisions on appointments of new Directors are made by the full Board on a collective basis after considering the recommendations of the Nomination Committee.

Re-election of Directors

The Nomination Committee also conducted an assessment of the Directors who are subject to retirement at the forthcoming Annual General Meeting ("AGM") in accordance with the provisions of the Constitution of the Company and the relevant provisions under the Companies Act, 2016.

In accordance with the Article 85 of the Company's Constitution, one-third of the Directors for the time being or, if their number is not a multiple of three (3), the number nearest to one-third shall retire from office and be eligible for re-election at each AGM. Newly appointed Directors shall hold office until the conclusion of the next AGM and shall be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meetings pursuant to Article 92 of the Company's Constitution.

The Article 85 of the Company's Constitution also requires that all Directors be subjected to retirement by rotation at least once every three (3) years.

The Nomination Committee is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/ re-appointment.

Following the enforcement of the Companies Act, 2016, which came into force on 31 January 2017, Directors who have attained the age of 70 years and above are no longer required to retire and seek re-appointment at each AGM.

PRINCIPLE 2 – STRENGTHEN COMPOSITION (CONT'D)

Re-election of Directors (Cont'd)

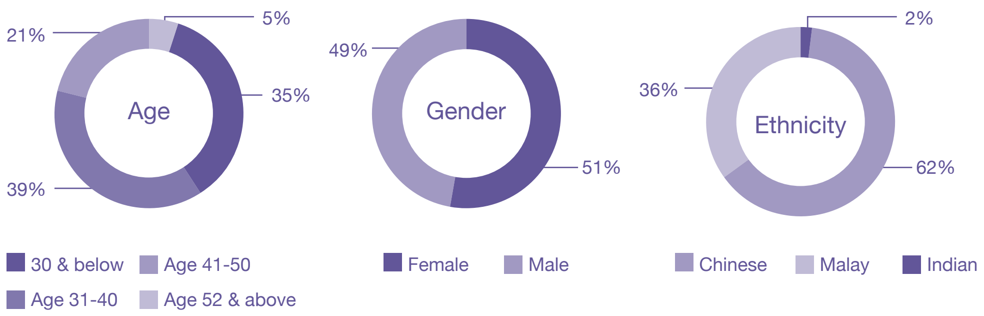
Based on the office period of the Directors since their last election and upon recommendation of the Nomination Committee, the Board is proposing the re-election of Tan Sri Datuk Ter Leong Yap and Tan Pei Geok, who are due for retirement by rotation pursuant to Article 85 of the Company's Constitution. Dato' Quek Ngee Meng, who was appointed after the 48th AGM will be seeking re-election pursuant to Article 92 of the Company's Constitution at the forthcoming AGM of the Company. All being eligible, they have offered themselves for re-election.

To assist the shareholders in their decision, sufficient information such as personal profiles of the Directors standing for re-election are disclosed in the Profile of Directors of this Annual Report. The details of their interest in the securities of the Company are set out in the Analysis of Shareholdings of this Annual Report.

Gender, Ethnicity and Age Group Diversity Policies

The Group has no immediate plan to implement a diversity policy as it is of the view that employment is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender and age. However, Sunsuria is committed to diversity and have an equal employment opportunity policy in promoting diversity in the Group. There are no barriers in employment or development in the Group because of an individual's gender, race, religion and age. As Sunsuria believes that employees with diverse cultural backgrounds bring unique experiences and perceptions to the work team that benefit the Group by strengthening productivity and responsiveness to changing conditions.

The Group's workforce statistics in terms of age, ethnic, gender and nationality as at 30 September 2017 are as follows:



Annual Assessment

The Nomination Committee carries out an annual assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution or performance of each individual Director. The Nomination Committee also assists the Board in assessing the independence of the Independent Directors annually.

The assessment involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The assessment consists of the following:

(a) Board and Board committees' evaluation;

(b) Assessment of character, experience, integrity, competence and time commitment of Directors;

(c) Assessment on mix of skill and experience; and

(d) Evaluation of level of independence of an Independent Director.

The criteria for the evaluation are guided by the Corporate Governance Guide – Toward Boardroom Excellence.

PRINCIPLE 2 – STRENGTHEN COMPOSITION (CONT'D)

Annual Assessment (Cont'd)

The assessment of the Audit Committee is based on specific criteria such as quality and composition, skills and competencies, meeting administration and conduct. For Peers' Assessment, the assessment areas include fit and proper, contribution and performance.

The Board and Board Committee assessment form includes board mix and composition quality of information and decision-making boardroom activities.

The results of these assessments questionnaires and comments by all Directors are summarised by the Company Secretary and discussed by the Nomination Committee which then are reported to the Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of its duties are properly documented.

The Board was satisfied with the results of the assessment and the current size and composition of the Board are appropriate and well-balanced with the right mix of skills with the Board composition comprising individuals of high calibre, credibility and with necessary skills and qualifications to enable the Board to discharge its duties and responsibilities effectively.

Remuneration Committee

The Company has a Remuneration Committee which comprises majority of Non-Executive Directors. Its composition is as follows:

Tan Pei Geok#	-	Chairman / Independent Non-Executive Director
Dato' Quek Ngee Meng@	-	Member / Independent Non-Executive Director
Datin Loa Bee Ha^	-	Member / Non-Independent Non-Executive Director

Note:

\# Tan Pei Geok was appointed as the Chairman of the Remuneration Committee on 24 November 2017.

@ Subsequent to the financial year ended 30 September 2017, Dato' Quek Ngee Meng was appointed as an Independent Non-Executive Director and a Member of the Remuneration Committee on 24 November 2017 consequent upon the resignation of Dato' Tan Tian Meng as the Chairman of the Remuneration Committee.

^ Datin Loa Bee Ha was appointed as a Member of the Remuneration Committee on 1 December 2017.

Subsequent to the financial year ended 30 September 2017, Dato' Tan Tian Meng and Tan Sri Datuk Ter Leong Yap have resigned as the Chairman and a Member of the Remuneration Committee on 24 November 2017, respectively. Whereas, Liew Jee Min @ Chong Jee Min has resigned as a Member of the Remuneration Committee on 30 November 2017.

The duties of the Remuneration Committee include the following:

(a) To formulate and review the policy framework and making recommendation to the Board on the annual remuneration packages and benefits extended to the executive members of the Board, taking into account the performance of each individual as well as corporate performance.

(b) To review the remuneration and benefits accorded to the Non-Executive Directors to ensure that the level of remuneration commensurate with the experience and level of responsibilities undertaken.

Upon recommendation by the Remuneration Committee of the remuneration accorded to the Non-Executive Directors, the Board will consider, with the Directors concerned abstaining from deliberations and voting on decision in respect of his/her individual remuneration package, and then recommend the Directors' fees and other benefits payable to the Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM in accordance with Section 230(1) of the Companies Act, 2016.

PRINCIPLE 2 – STRENGTHEN COMPOSITION (CONT'D)

Level and make-up

The Remuneration Committee reviews the levels of remuneration offered to the Directors to ensure that they are sufficient to attract and retain Directors with the relevant experience and expertise needed to manage the Group successfully, while at the same time taking into consideration the state of the economy in general and the performance of the industry and the Group in particular.

In the case of Executive Directors, the remuneration are structured to link rewards to the Group and individual performance. As for Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities and participation by the particular Non-Executive Director concerned.

The Non-Executive Directors are remunerated with Directors' fees which are subject to shareholders' approval at the AGM annually in accordance with the Company's Constitution and Section 230(1) of the Companies Act, 2016. In recommending the proposed Directors' fees, the Remuneration Committee takes into consideration the qualification, duty and responsibility, and contribution required from a Director in view of the Group's complexity, and also the market rate among the industry.

The Company will also be seeking the shareholders' approval for the Directors' fees payable to Non-Executive Directors for the period from 1 October 2017 until the next AGM in 2019, for the purposes of facilitating payment of the Directors' fees on a monthly basis and/or as and when incurred. The Board opined that it is just and equitable for the Non-Executive Directors to be paid such payment on such basis upon them discharging their responsibilities and rendering their services to the Company. Individual Directors do not participate in the discussions and determination of their own remuneration.

The aggregate remuneration paid to Executive Directors and Non-Executive Directors of the Company for the financial year ended 30 September 2017 are as follows:

	Group (RM)		Company (RM)	
	Executive Director	**Non-Executive Director**	**Executive Director**	**Non-Executive Director**
Salaries	2,754,000	-	2,754,000	-
Other emoluments	577,834	-	577,834	-
Benefits-in-kind	78,869	-	78,869	-
Bonuses	1,879,467	-	1,879,467	-
Directors' Fee	-	192,000	-	192,000
Total	**5,290,170**	**192,000**	**5,290,170**	**192,000**

The number of Directors as at the end of the financial year and their total remuneration from the Group categorized in the various bands were as follows:

	No. of Non-Executive Directors	No. of Executive Director	Total
1 – 50,000	3	-	3
50,001 – 100,000	1	-	1
100,001 - 500,000	-	-	-
500,001 – 1,000,000	-	-	-
1,000,001 – 1,500,000	-	1	1
4,000,001 - 4,500,000	-	1	1
Total	**4**	**2**	**6**

PRINCIPLE 3 – REINFORCE INDEPENDENCE

Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in the decision-making process as advocated in the MCCG 2012. The Board is committed to ensure that the Independent Directors are capable to exercise independent judgment and act in the best interest of the Company.

In line with Recommendation 3.1 of the MCCG 2012, the Board through the Nomination Committee undertakes the independent assessment of all its Independent Directors of the Company which was carried out as part of the board assessment annually. The Nomination Committee and the Board reviewed the independence assessment results and are satisfied that all the Independent Directors fulfilled the criteria of "Independence" as prescribed under the Listing Requirements. They opined that the Independent Directors continue to remain objective and independent in expressing their respective views and in participating in deliberations and decision-making of the Board and Board Committees.

Tenure of Independent Directors

The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine years as recommended by the MCCG 2012. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. The Nomination Committee and the Board also noted that pursuant to Recommendation 3.3 of the MCCG 2012, the Board may provide justifications and seek shareholders' approval in the event there is intention to retain a Director who has served a cumulative term of nine (9) years as an Independent Director.

Presently, none of the Independent Non-Executive Directors hold office for more than (9) years as at the date of this Statement.

PRINCIPLE 4 – FOSTER COMMITMENT

Time Commitment

Acknowledging the important responsibility of a Director towards the Board's success, the Board has incorporated time commitment as one of the appointment criteria for Directors whereby the candidate should have sufficient available time to be able to fulfil his or her responsibilities as a member of the Board and any of the Board Committees to which he or she may be appointed.

The Board considers that there is no need for a formal protocol for Directors to accept new directorships at this point in time as the number of directorships a Director can hold is restricted by Paragraph 15.06 of the Listing Requirements whereby the Directors are not allowed to hold more than five (5) directorships in public listed companies. The Company has the practice of requiring its Directors to disclose and update his or her directorships in other companies as and when necessary at every Board meeting. The Directors are mindful that they will serve on the boards of other companies only to the extent that such services do not detract the Directors' ability to devote the necessary time and attention to the Company. The Board is satisfied with the level of time committed by its members in discharging their duties and roles as directors of the Company for the time being.

The Executive Directors, together with the Group's management, have regular meetings where operational details and other issues are discussed and considered.

Board and Board Committee meetings are scheduled at the onset of the calendar year and an annual corporate calendar with an indication of the key business items for each meeting is circulated to all Directors, to facilitate the Directors' time planning.

For the financial year ended 30 September 2017, the Board met five (5) times to discuss the issues on the Group's financial performance, significant investments, corporate development, strategy and business plan and other matters reserved for the decision by the Board. All proceedings of the Board meetings were minuted.

PRINCIPLE 4 – FOSTER COMMITMENT (CONT'D)

Time Commitment (Cont'd)

The details of attendance of each Director for the financial year ended 30 September 2017 are as follows:

Name of Board members	Attendance (1 October 2016 to 30 September 2017)
Tan Sri Datuk Ter Leong Yap (Chairman)	5/5
Koong Wai Seng	5/5
Dato' Tan Tian Meng	5/5
Liew Jee Min @ Chong Jee Min	5/5
Datin Loa Bee Ha	5/5
Tan Pei Geok	5/5

Subsequent to the financial year ended 30 September 2017, Dato' Quek Ngee Meng was appointed as an Independent Non-Executive Director on 24 November 2017 whilst Dato' Tan Tian Meng has resigned as Independent Non-Executive Director on 24 November 2017 and Liew Jee Min @ Chong Jee Min has resigned as Non-Independent Non-Executive Director on 30 November 2017.

Directors' Training

The Board recognises the importance of continual education for its members to gain an insight into statutory and regulatory updates, as well as developments in the industry and business environment within which the Group operates, and is committed to ensure that its Directors are equipped with the appropriate knowledge and skills through formal and informal training/briefings to keep abreast with recent developments in laws, regulations and industry.

The Board is notified of a series of training programmes or workshop conducted by Bursa Securities for its consideration of participation and the Board receives updates of the Listing Requirements from the Company Secretary from time to time.

During the financial year, the Directors had attended various training programmes and seminars, details of which are as follows:-

Name of Director	Date of Training	Title/ Subject matter for the training
Tan Sri Datuk Ter Leong Yap	25 April 2017	Series 1: Seminar on Practical Issues Facing SMEs – Role of IP in the Growth of SMEs & Effective Debt Recovery
	16 June 2017	Technical Conference
	07 July 2017	Series 2: Seminar on Practical Issues Facing SMEs – The New Companies Act 2016: 10 Critical Issues that SMEs must prepare for
	27 July 2017	ACCCIM 6th Young Entrepreneurs Conference 2017
	08 August 2017	NCCIM National Economic Conference
	24 August 2017	Seminar on Listing Requirements for the Leading Entrepreneur Accelerator Platform ("Leap") Market
	18 September 2017 to 25 September 2017	Overseas Community Affair Council (OCAC) 2017 Nationwide Seminar
Koong Wai Seng	28 February 2017	Regional Economic & Business Outlook 2017
	16 June 2017	Technical Conference
	30 September 2017	Year End Appraisal Briefing

PRINCIPLE 4 – FOSTER COMMITMENT (CONT'D)

Directors' Training (Cont'd)

Name of Director	Date of Training	Title/ Subject matter for the training
Dato' Tan Tian Meng	07 January 2017	Talk on "Retailing in Digital Era"
	11 March 2017	Industry 4.0 Smart Manufacturing Seminar
	14 April 2017	Briefing on HRDF
	08 July 2017	Talk on "Digital Event – Coworking Space"
Liew Jee Min @ Chong Jee Min	13 July 2017	Fraud Risk Management Workshop
	03 August 2017	Driving Financial Integrity & Performance • Enhancing Financial Literacy
	08 August 2017	Amendments to the Listing Requirements of Bursa Malaysia Securities Berhad enhancing Disclosure and Corporate Governance Practices and the new Malaysian Code on Corporate Governance
	13 September 2017	Bursa Risk Management Programme • I am Ready to Manage Risks
	27 September 2017	Advocacy Sessions on Corporate Disclosure for Directors and Principal Officers of Listed Issuers
Tan Pei Geok	22 February 2017	Corporate Governance: Obligations of Directors from the listing requirement perspective The inside story of the annual report: what directors must know
Datin Loa Bee Ha	8 December 2016	CG Breakfast Series: Anti-corruption & Integrity – Foundation of Corporate Sustainability
	10 January 2017	Bursa Malaysia's Sustainability Forum 2017: The Velocity of Global Change & Sustainability – The New Business Model
	24 May 2017	In-house briefing on the Companies Act 2016 by JM Chong Vincent Chee & Co
	10 July 2017 & 11 July 2017	In-house training on MFRS 15 and MFRS 1 by PricewaterhouseCoopers
	4 August 2017	Malaysian Code on Corporate Governance: Dealing with issues and Expectation on Audit Committee, Risk Management and Stakeholder

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

It is the Board's commitment to provide and present a clear, balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year and each financial quarter, primarily through the presentation of the annual financial statements, announcements of the quarterly results to the shareholders, Executive Chairman's statement and the Management Discussion and Analysis in the Annual Report.

In this respect, the Board is assisted by the Audit Committee in reviewing the Group's financial reporting processes and accuracy of its financial results, and scrutinising information for disclosure to ensure compliance with applicable approved accounting standards in Malaysia and provision of the Companies Act, 2016.

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

Directors' Responsibility Statement

The Directors are required by the Companies Act, 2016 ("Act") to cause Management to prepare the financial statements for each financial year in accordance with the provisions of the Act and the Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended. Where there are new accounting standards or policies that become effective during the year, the impact of these new requirements would be stated in the notes to the financial statements, accordingly.

In the preparation of the financial statements, the Directors ensure that Management have:

(a) applied appropriate and consistent accounting policies;

(b) made judgements and estimates that are reasonable and prudent;

(c) ensured that all applicable accounting standards have been followed; and

(d) prepared financial statements on a 'going concern' basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future.

The Directors have responsibility to ensure that the Company keeps accounting records, which disclose with reasonable accuracy the financial position of the Company and of the Group, which enable them to ensure that financial statements comply with the provisions of the Act. The Directors have overall responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

Assessment of Sustainability and Independence of External Auditors

The Company has always maintained a formal and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The role of the Audit Committee in relation to the External Auditors is set out in the Audit Committee Report on pages 48 to 50 of this Annual Report.

The External Auditors have an obligation to bring any significant defects in the Group's system of control and compliance to the attention of the Management; and if necessary, to the Audit Committee and the Board. This includes the communication of fraud.

The External Auditors are invited to attend the Audit Committee meeting to discuss their audit plan, audit findings and the Company's financial statements. The Audit Committee also meets the External Auditors without the presence of Executive Directors and Management at least twice during the financial year. This allows for free and honest exchange of views and opinions on matters related to external auditors' audit and their findings.

In addition, the External Auditors are invited to attend the Company's AGM and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of the Annual Report.

Crowe Horwarth had provided the required confirmation of their independence to the Audit Committee for the financial year ended 30 September 2017 that they have been independent throughout the conduct of audit engagement during the financial year ended 30 September 2017 in accordance with the Bye-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA By-Laws").

The Board, on the recommendation of the Audit Committee, is of the view that the declaration of independence, integrity and objectivity made by Crowe Horwath in their audit report for the financial year under review would suffice to serve as a written assurance from Crowe Horwath on their independence and integrity throughout the conduct of the audit engagement in accordance with the MIA By-Laws.

The Audit Committee is tasked with the authority from the Board to review any matters concerning the appointment or re-appointment, audit fee, resignation or dismissal of the external auditors and review and evaluate factors relating to the independence of the external auditors.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISK

Sound Framework to manage Risks

The Board is fully aware of its overall responsibility of continuously maintaining a sound system of internal control which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investment and the Company's assets.

Whilst acknowledging their responsibility for the system of internal control, the Directors are aware that such a system is designed to manage rather than eliminate risks and therefore cannot provide an absolute assurance against material misstatement or loss.

To assist the Board in maintaining a sound system of internal control, the Group has engaged internal audit and risk management consultants, who report regularly to the Risk Management Committee and the Audit Committee, which in turn report to the Board regarding the adequacy and integrity of the system of internal control. The implementation and maintenance of the risk management process to help the Board in identifying, evaluating and managing the risk is carried out by the Risk Management Committee of the Group.

The Statement on Risk Management & Internal Control which provides an overview of the Group's state of internal control is set out in pages 51 and 54 of this Annual Report.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies

The Board acknowledges the importance of being accountable to the shareholders and the investors via a direct and effective line of communication. As such, the Group always ensures the timely release of quarterly financial results, audited financial statements, corporate developments and announcements of the Group via the BURSA LINK, the Company's annual reports and other circulars to shareholders and where appropriate, ad hoc press statements which serve as the principal channel in keeping the shareholders and the investing public informed of the Group's major developments and overviews of financial performance and progress throughout the year.

The Company also organises quarterly briefings and conference calls to fund managers, institutional investors, investment analysts and the media upon the announcement of the Company's quarterly financial results to keep the interested public updated on the progress and development of the business and prospects of the Company.

Leverage on Information Technology for Effective Dissemination of Information

The Board has established a dedicated section for corporate information on the Company's website at www.sunsuria.com where shareholders as well as members of the public may access for latest information on the Company and the Group. Alternatively, they may obtain the Company's latest announcement via the website of Bursa Securities at www.bursamalaysia.com.

PRINCIPLE 8 – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Sunsuria recognises the importance of timely dissemination of information to shareholders to ensure that its shareholders are well informed of major developments of the Group and information is communicated to them through the following channels:

(a) Various disclosures and announcements to Bursa Securities including quarterly financial results;

(b) Press releases and announcements to Bursa Securities and to the media;

(c) The Company's Annual Report;

(d) Dialogues and presentations at general meetings to provide overview and clear rationale with regards to the proposals tabled for approval by shareholders; and

(e) Investor relations section on the Company's website at www.sunsuria.com

Whilst the Company endeavours to provide as much information as possible to its shareholders, the Company is mindful of the legal and regulatory framework governing the release of material and price sensitive information.

The AGM and general meetings serve as principal forums for shareholders to engage directly with the directors and senior management. It also provides the opportunity for shareholders to raise questions pertaining to issues related to the Annual Report, Audited Financial Statements, corporate developments, resolutions being proposed and the business of the Group. Shareholders are encouraged to attend AGM and to participate in the question- and-answer sessions on the resolutions being proposed or on the Group's operations in general. Shareholders who are unable to attend the meetings are allowed to appoint proxies to attend and vote on their behalf in accordance with the Company's Constitution.

Proper notice for an AGM are at all times despatched to the shareholders at least twenty-one (21) days prior to the meetings, unless otherwise required by law, in order to provide sufficient time for shareholders to understand and evaluate the matters prior to the meeting.

All directors attend general meetings. The Chair of the Audit, Nominating, Risk Management and other committees and even the External Auditors, if so required, provide meaningful response to questions addressed by the shareholders to them during the meeting.

Poll Voting

Pursuant to the Paragraph 8.29A(1) of the Listing Requirements, the Company is required to ensure that any resolutions set out in the notice of general meetings are voted by poll.

At the AGM of the Company held on 27 February 2017, all resolutions were decided by a poll and the votes received in respect of each resolution, together with the level of abstentions were notified to the Bursa Securities on the same date as the meeting was held, and published on the Company's website at www.sunsuria.com, together with summary of key matters discussed at the said AGM. The Company will explore the use of electronic voting systems to expedite verification and counting of votes after taking into consideration of its reliability, applicability and cost efficiency.

Effective Communication and Proactive Engagements

The Company maintains a corporate website which includes an Investor Relations section to reach out to current and potential investors. Investor information of the Company, the Annual Report, Board Charter, Terms of Reference of Audit Committee and Nomination Committee and other shareholder documentation such as Notice of AGM, all announcements released by the Company to Bursa Securities, and other corporate information can be accessed on the Company's website at www.sunsuria.com.

Sunsuria encourages shareholders to provide feedbacks and raise queries to the Company through other channels of communication such as corporate website, by emails or sending written communications to the Company directly.

Details of the Company's engagement with investors are reported in the Management Discussion and Analysis of this Annual Report.

COMPLIANCE STATEMENT

The Board is satisfied that the Company has, in all material aspects, complied with the principles and recommendations save for Recommendation 3.5 of the MCCG 2012 during the financial year ended 30 September 2017.

This Statement was approved by the Board on 23 January 2018.

AUDIT COMMITTEE
REPORT

The Board of Directors of Sunsuria Berhad ("Sunsuria") is pleased to present the Audit Committee ("the Committee") Report for the financial year ended 30 September 2017.

COMPOSITION AND ATTENDANCE

Members	Membership / Designation	Meeting Attendance (1 October 2016 to 30 September 2017)	
Datin Loa Bee Ha@	Chairman / Independent Non-Executive Director	5/5	100%
Liew Jee Min @ Chong Jee Min#	Member / Non-Independent Non-Executive Director	5/5	100%
Tan Pei Geok^	Member / Independent Non-Executive Director	5/5	100%

Note:

@ Datin Loa Bee Ha was re-designated as a Non-Independent Non-Executive Director and thereby has been re-designated to be a member of the Committee on 24 November 2017.

Liew Jee Min @ Chong Jee Min has resigned as Non-Independent Non-Executive Director on 30 November 2017.

^ Tan Pei Geok was re-designated as Chairman of the Committee on 24 November 2017.

Subsequent to the financial year ended 30 September 2017, Dato' Quek Ngee Meng has been appointed as an Independent Non-Executive Director and member of the Committee on 24 November 2017.

As a whole, the Committee are qualified individuals having required skills and expertise to discharge the Committee's functions and duties. The Committee's literacy and understanding of financial reporting standards and information have contributed to meaningful discussions in overseeing the integrity of the financial reporting processes and financial statements.

The Chief Executive Officer, Chief Financial Officer and Internal Auditors are permanent invitees to brief and provide clarification to the Committee on their areas of responsibility. Other members of Senior Management are also invited for specific agenda items to support detailed discussions during the Committee's meetings.

The External Auditors were also invited to brief the Committee on matters relating to the external audit for the financial year ended 30 September 2017. Time were also allocated for the External Auditors to have private discussions with the Committee in the absence of the Management.

Annually, the term of office and performance of the Committee and each of its members are being assessed by the Nomination Committee. Based on the said assessment, the Committee and its members are found to have effectively discharged its duties in accordance with its Terms of Reference, and the Board and the Nomination Committee were of the view that the Committee has provided valuable recommendations to assist the Board in making informed decisions. The Board is kept informed of the Committee's deliberations through its minutes and report, which is a standing agenda item in the scheduled meetings of the Board.

FUNCTIONS AND ROLES OF THE COMMITTEE

The Committee is responsible for assisting the Board in discharging its statutory and fiduciary responsibilities including the responsibility for overseeing the financial reporting process and ensuring that the results of the Company's operations are fairly presented in its financial statements.

The duties and responsibilities of the Committee are set out in its Terms of Reference, a copy of which is available at www.sunsuria.com.

SUMMARY OF WORK OF THE COMMITTEE DURING THE FINANCIAL YEAR

1. Overseeing Financial Reporting

(a) Reviewed the following unaudited quarterly reports on the consolidated results and its related press statement, amongst others, any change in accounting policies, significant matters highlighted, the going concern assumption, and compliance with accounting standards and regulatory requirements prior to their recommendation to the Board of Directors for approval:

(i) Quarterly financial results for the fourth quarter of the financial year ended 30 September 2016 at the Committee meeting held on 25 November 2016; and

(ii) First, second and third quarters of the quarterly results for the financial year ended 30 September 2017 at the Committee meetings held on 27 February 2017, 24 May 2017 and 24 August 2017, respectively.

(b) Reviewed the consolidated audited financial statements of the Company and the Group for the financial year ended 30 September 2016 at the Committee meeting held on 20 January 2017 and ensuring that the statements comply with the Financial Reporting Standards ("FRS"), for recommendation to the Board for approval.

(c) Reviewed the significant matters highlighted by the auditors in the financial statements and significant judgements made by the Management.

(d) Reviewed the adequacy of the processes and controls in place for effective and efficient financial reporting and disclosures under the FRS and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

2. External Audit

(a) Reviewed with the External Auditors, Messrs Crowe Horwath ("CH"):

(i) the Audit Review Memorandum on the audit of the financial statements for the financial year ended 30 September 2016 setting out their comments and conclusions on the significant audit findings.

(ii) the audit plan for the financial year ended 30 September 2017 outlining, amongst others, their audit approach, areas of audit emphasis, and accounting standards update affecting financial reporting and the responsibilities of directors and managements, and auditors.

(b) Reviewed the audit fees proposed by CH together with management and recommended the negotiated fees agreed by CH to the Board of Directors for approval.

(c) Had discussions with CH twice during the financial year, namely 25 November 2016 and 24 August 2017, without the presence of management, to apprise on matters regarding the audit and financial statements.

(d) Arising from the new international standards of auditing relating to key audit matters and going concern which are effective for the audit of financial statements for periods ending or after 15 December 2016, and to facilitate a better understanding of the requirements, a draft illustrative new auditor's report was tabled to the Committee.

(e) Evaluated the performance of the External Auditors for the financial year ended 30 September 2016 covering areas such as calibre, quality processes, audit team, audit communication, audit governance and independence of the External Auditors. The Committee, having been satisfied with the independence, suitability and performance of CH, had recommended to the Board for approval of the re-appointment of CH as External Auditors for the ensuring financial year ending of 30 September 2017 at its meeting held on 20 January 2017.

3. Internal Audit

(a) Reviewed with the Internal Auditors the internal audit reports (including follow-up review reports) on the audit findings and recommendations, management's responses and/or actions taken thereto, and ensured that material findings were satisfactorily addressed by management.

(b) Reviewed and adopted the risk-based internal audit plan for the financial year ending 30 September 2018 to ensure sufficient scope and coverage of activities of the Company and Group.

SUMMARY OF WORK OF THE COMMITTEE DURING THE FINANCIAL YEAR (CONT'D)

4. Related Party Transactions

(a) Reviewed significant related party transactions entered into/to be entered into by the Company and the Group to ensure that the transactions were in the best interest of the Sunsuria Group; were fair, reasonable and on normal commercial terms; and not detrimental to the interest of the minority shareholders of Sunsuria Berhad.

(b) Reviewed on a quarterly basis, the Recurrent Related Party Transactions ("RRPT") entered into by the Company and/or its subsidiaries with related parties to ensure that the Group's internal policies and procedures governing RRPT are adhered to, the terms of the shareholders' mandate are not contravened, and disclose requirements of the Listing Requirements are observed.

(c) Reviewed the 2017 Circular to Shareholders in relation to the renewal of shareholders' mandate for RRPT and new shareholders' mandate for additional RRPT, prior to its recommendation to the Board of Directors for approval.

5. Annual Report

(a) Reviewed the Audit Committee Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control before recommending these to the Board for approval for inclusion in the 2016 Annual Report.

INTERNAL AUDIT FUNCTION

The role of the Internal Auditor ("IA") is to assist the Committee in evaluating the adequacy and effectiveness of the governance, risk management and internal control systems and recommending improvements to the systems.

The Group has outsourced its internal audit function to external consultants, which report directly to the Committee. The IA is able to undertake independent and systematic reviews of the systems of internal controls and procedures of operating units within the Group so as to provide reasonable assurance that such systems continue to operate satisfactorily, effectively and in compliance with the Group's established policies and procedures.

The work of the internal audit function during the year under review include:

(i) Developed the annual internal audit plan and proposed the plan to the Committee.

(ii) Conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports.

(iii) Presented significant audit findings and areas for improvements raised by the IA to the Committee for consideration on the recommended corrective measures together with the management's responses.

(iv) Conducted RRPT reviews to assess accuracy and completeness of reporting and ensure compliance with the Listing Requirements.

(v) Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan.

(vi) Reviewed the adequacy of internal controls in the various auditable areas such as Defect Management Function, Human Resources Management Function, Sales Commission Payment and Safety Compliance Review (Construction Site) of the Group.

The cost incurred for the Internal Audit function of the Group in respect of the financial year ended 30 September 2017 was approximately RM119,542/-.

TERMS OF REFERENCE

The Terms of Reference of the Committee can be found under the "Investor Relations" section on the Company's website at www.sunsuria.com.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Sunsuria Berhad is committed to continuously improving the Group's risk management and internal control system and is pleased to present the following Statement on Risk Management and Internal Control for the financial year ended 30 September 2017. This statement is made pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (the "Listing Requirement") and in accordance with the Principles as stipulated in the Malaysian Code on Corporate Governance 2012 ("the Code") and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"). This Statement outlines the nature and scope of risk management and internal control of the Group and covers all of the Group's operations except for associate companies.

1. BOARD'S RESPONSIBILITY

The Board of Directors (the "Board") recognises the importance of sound controls and risk management practices to good corporate governance. The Board acknowledges its overall responsibility in establishing a sound risk management framework and internal control system to safeguard shareholders' investment and the Group's assets.

The Board continually reviews the adequacy and integrity of the Group's risk management and internal control system, which has been embedded in all aspects of the Group's activities, and its alignment with business objectives. The Board is equally aware that the risk management framework and internal control system are designed to manage the Group's risks within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. In this regard, the risk management framework and internal control system can only provide reasonable assurance, and not absolute assurance, against material misstatement of financial information and records or against financial losses or fraud.

2. RISK MANAGEMENT

The Risk Management Committee ("RMC") was established during the financial year ended 30 September 2017 to uphold risk oversight within the Group. The RMC is chaired by an Independent Non-Executive Director, who is neither the Chairman of the Board nor the Audit Committee.

The roles and responsibilities of the RMC include the following:

a. Develop and recommend the Group risk policies and objectives aligned with its strategic business objectives;

b. Communicate Board's risk policies, objectives, responsibilities, and reporting lines to all employees across the Group;

c. Identify and communicate to the Board on the critical risks (present and potential) the Group faces, their changes and the management action plans to manage the risks;

d. Perform risk oversight and review risk profiles (Company and the Group) and regularly review and update the business units risk management processes;

e. Provide guidance to the business units on the Group's and business unit's risk appetite and capacity, and other criteria which, when exceeded, trigger an obligation to report upward to the Board;

f. To keep under review the effectiveness of the Company internal control and risk management systems and review the statements to be included in the Annual Report concerning internal controls and risk management; and

g. All other risk management matters delegated by the Board.

The Group has adopted a Risk Management Framework ("Framework") that outlines policy and on-going process for identifying, evaluating, managing, monitoring and communicating the risks faced by the Group throughout the period under review. It places importance of balancing between risk and reward in making strategic business decisions, a tool in managing both existing and potential risks with the objective of protecting key stakeholders' interest, and compliance with statutory and legal requirements. The Framework sets the risk context and categories such as industry/market, financial, operations, compliance and people in relation to the Group's business activities.

2. RISK MANAGEMENT (CONT'D)

Risk identification and evaluation process

The risks are identified through a series of discussions with the key personnel and management of the Group, which is then incorporated into a Key Risk Profile that includes details on the nature of the risk as well as the severity and probability of an occurrence.

The risk identification process includes consideration of both internal and external environmental factors. External environmental factors include political, economic, social technological, legal and environment changes. Internal factors include changes in key personnel, introduction of new or revision of existing policies and procedures.

Next, the risks identified are evaluated by examining the potential impact on the Group if a risk were to crystallise, as well as the likelihood of occurrence. The impact is rated on a scale of A to E, A to indicate the lowest impact and E to indicate the highest impact. The likelihood of a risk crystallising is rated on a scale of 1 to 5, 1 to indicate lowest probability and 5 indicate the highest probability. The risk level shall be rated insignificant, minor, moderate, major or catastrophic and be determined according to the Risk Analysis Matrix.

Risk information and treatment plans are captured and updated into a risk register which is maintained by the Business Unit Risk Committee Officer. The information is consolidated to provide an enterprise overview of material risks faced by the Group and the associated risk mitigation plans, which are tracked and reviewed.

Risk adoption and monitoring process

All risks identified are documented into a Key Risk Profile, which is updated by the respective Heads of Departments and tabled to the RMC on 24 August 2017. The Key Risk Profile will be reviewed and tabled to the RMC every half yearly. The Key Risk Profile serves as a tool for heads of departments or business units to manage key risks applicable to their areas of business activities on a continual basis.

Through these mechanisms, key risks identified in the Key Risk Profile are assessed in a timely manner and control procedures or mitigating factors are re-evaluated accordingly in order to ensure that the key risks are mitigated to an acceptable level.

The Internal Auditors, on a regular basis, reviews the effectiveness and adequacy of control procedures adopted by the Company in mitigating the key risks identified in the Key Risk Profile. Together with the Management Team, the Internal Auditors shall ascertain if controls are sufficient and reliable in mitigating the identified risks.

After due analysis and discussions with the Management Team, the Internal Auditors will revise the risk ratings where applicable, taking into account the overall evaluation of internal controls. Any weaknesses noted during the review are reported to the Audit Committee. Through these mechanisms, the Audit Committee can be assured that the key risks of the Company are regularly reviewed and appropriately managed to an acceptable level.

3. INTERNAL CONTROLS

The Group's internal audit function, which has been outsourced to an independent professional services firm since 24 July 2015, assists the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

During the financial year ended 30 September 2017, outsourced internal audit reviews were carried out in accordance with the risk-based internal audit plan approved by the Audit Committee. Risk- based Internal Audit methodology was adopted, which entails focusing on the inherent risk involved in the activities or system and providing assurance that the risk is being managed by the management within the defined risk appetite level. Based on the internal audit reviews, the findings of the internal audit, including the recommended corrective actions, potential risks, implications and Management responses, were presented directly to the Audit Committee on a quarterly basis.

The results of the internal audit reviews, recommendations for improvements, and corrective measures implemented or planned were deliberated during the Audit Committee meetings. Minutes of the Audit Committee meetings that recorded the deliberations were then presented to the Board.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

Established by the Board, key elements in the Group's review of the adequacy and effectiveness of the risk management framework and system of internal controls include:-

- Developing an appropriate organisation structure for planning, executing, controlling and monitoring business operations with clear lines of responsibility and delegations of authority.
- Ensuring uniformity and consistency of practices and controls within the Group, whereby key processes in the Group's management and operations have been formalised and documented in the form of Standard Operating Policies and Procedures ("SOPP").

  These SOPPs are subject to review and improvements, particularly through periodic internal audit reviews of selected areas of operations.
- Preparing annual budgets for business units and presenting them to the Board for approval. Any variances of actual performance against the budget are monitored and reported regularly. The results are consolidated and presented to the Board on a regular basis.
- Defining clear authorisation levels for all aspects of the business, which are formalised in the Group's Discretionary Authority Limit ("DAL").
- Putting in place the necessary occupational safety and health ("OSH") guidelines, which include setting up a safety committee to enhance OSH procedures and address OSH issues that may arise from time to time.
- Convening Audit Committee Meetings at least four (4) times a year to review the effectiveness of the Group's system of internal controls. The Audit Committee meets with the Internal Auditors and External Auditors regularly to review their reports.
- Conducting regular internal audit visits to provide independent assurances on the effectiveness of the Group's system of internal controls and recommend to the Management on the areas for improvement.
- Performing periodic reviews of Recurrent Related Party Transactions by the Audit Committee and Board to ensure compliance with the Listing Requirements.

4. ASSURANCE FROM MANAGEMENT

In accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed issuers, the Board has received assurances from the Chief Executive Officer-cum-Executive Director and the Chief Financial Officer, that, to the best of their knowledge, the risk management and internal control of the Group are operating effectively and adequately in all material respects, based on the risk management and internal control frameworks adopted by the Group.

5. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2017 Annual Report. Their review was performed in accordance with recommended Practice Guide (RPG) 5 (revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

6. CONCLUSION

The Board is of the view that the system of internal control and risk management is in place for the period under review and, up to the date of approval of this statement for inclusion in the Annual Report, is sound and sufficient to safeguard the Group's assets, as well as the shareholders' investments, the interests of customers, regulators, employees and other stakeholders. There were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

This statement was approved by the Board on 23 January 2018.

ADDITIONAL
COMPLIANCE

Material Contract Involving Directors' and Major Shareholders' Interest

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and Major Shareholders' interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of previous financial period except as disclosed in Note 39 of the financial statements.

Utilisation of Proceeds

There were no corporate proposals carried out during the financial year under review.

Employee Share Scheme ("ESS")

The Company has not implemented ESS during the financial year ended 30 September 2017.

Audit Fees and Non-Audit Fees

During the financial year, the amount of audit-related and non-audit fees paid to the External Auditors and/or affiliates by the Company and the Group respectively for the financial year ended 30 September 2017 are set out below:-

	Group		Company	
	2017 (RM'000)	2016 (RM'000)	2017 (RM'000)	2016 (RM'000)
Statutory audit fees paid/payable to:-				
- Messrs Crowe Horwath	283	150	70	50
- Affiliates of Messrs Crowe Horwath	-	-	-	-
Total (a)	283	150	70	50
Non-audit fees paid/payable to:-				
- Messrs Crowe Horwath	11	11	11	11
- Affiliates of Messrs Crowe Horwath	17	115	2	6
Total (b)	28	126	13	17
% of non-audit fees (b/a)	10%	84%	19%	34%

FINANCIAL STATEMENTS

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

RESULTS

	The Group RM'000	The Company RM'000
Profit/(Loss) after taxation for the financial year	107,881	(5,180)
Attributable to:-		
Owners of the Company	90,748	(5,180)
Non-controlling interests	17,133	-
	107,881	(5,180)

DIVIDENDS

No dividend was recommended by the directors for the financial year.

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.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company increased its issued and paid-up share capital from 798,831,292 ordinary shares to 798,834,302 ordinary shares by the issuance of 3,010 new ordinary shares for cash arising from the exercise of warrants at the exercise price of RM1.50 per warrant as disclosed in Note 23.2 to the financial statements. The new ordinary shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 7 June 2017.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

The shareholders of the Company had on 27 February 2017 approved the Company to purchase up to 10% of its prevailing issued and paid-up share capital. At the end of the reporting period, no shares was repurchased and held as treasury shares in accordance with Section 127 of the Companies Act 2016.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

WARRANTS

At the end of the reporting period, the Company had 158,358,462 warrants in issue. The details of the warrants are disclosed in Note 23.2 to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

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

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 42.1(c) to the financial statements. At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, 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.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Tan Sri Datuk Ter Leong Yap	
Koong Wai Seng	
Datin Loa Bee Ha	
Tan Pei Geok	
Dato' Quek Ngee Meng	(Appointed on 24 November 2017)
Dato' Tan Tian Meng	(Resigned on 24 November 2017)
Liew Jee Min @ Chong Jee Min	(Resigned on 30 November 2017)

The names of directors of subsidiaries, are set out in the respective subsidiary's statutory accounts and the said information is deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and options over unissued shares of the Company and its related corporations during the financial year are as follows:-

	← Number Of Ordinary Shares			→
	at 1.10.2016	**Bought**	**Sold**	**at 30.9.2017**
The Company				
Direct Interests				
Tan Sri Datuk Ter Leong Yap	165,921,872	-	-	165,921,872
Dato' Tan Tian Meng	14,828,800	-	-	14,828,800
Tan Pei Geok	830,000	1,000,000	-	1,830,000
Koong Wai Seng	-	210,000	-	210,000
Indirect Interest				
Tan Sri Datuk Ter Leong Yap #	297,525,208	2,058,000	-	299,583,208

DIRECTORS' INTERESTS (CONT'D)

	Number Of Warrants at 1.10.2016	Bought	Sold	at 30.9.2017
The Company				
Direct Interests				
Tan Sri Datuk Ter Leong Yap	37,300,106	-	-	37,300,106
Dato' Tan Tian Meng	6,957,200	-	(1,409,300)	5,547,900
Tan Pei Geok	210,000	-	-	210,000
Indirect Interest				
Tan Sri Datuk Ter Leong Yap #	51,138,810	133,000	-	51,271,810

Note:-

- Deemed interested by virtue of his substantial shareholdings in Ter Equity Sdn. Bhd., Ter Capital Sdn. Bhd. and THK Capital Sdn. Bhd..

By virtue of his shareholdings in the Company, Tan Sri Datuk Ter Leong Yap is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares and options over unissued shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 39 to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 38 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company and of the Group were RM10,000,000 and RM13,500 respectively. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 43 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, are not seeking reappointment at the forthcoming annual general meeting.

The auditors' remuneration are disclosed in Note 31 to the financial statements.

Signed in accordance with a resolution of the directors dated 23 January 2018.

Tan Sri Datuk Ter Leong Yap

Koong Wai Seng

STATEMENT BY DIRECTORS

Pursuant To Section 251(2) Of The Companies Act 2016

We, Tan Sri Datuk Ter Leong Yap and Koong Wai Seng, being two of the directors of Sunsuria Berhad, state that, in the opinion of the directors, the financial statements set out on pages 67 to 167 are drawn up in accordance with 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 at 30 September 2017 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 23 January 2018

Tan Sri Datuk Ter Leong Yap

Koong Wai Seng

STATUTORY DECLARATION

Pursuant To Section 251(1)(b) Of The Companies Act 2016

I, Koong Wai Seng, I/C No. 670301-10-6259, being the director primarily responsible for the financial management of Sunsuria Berhad, do solemnly and sincerely declare that the financial statements set out on pages 67 to 167 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
Koong Wai Seng, I/C No. 670301-10-6259,
at Kuala Lumpur in the Federal Territory
on this 23 January 2018

Koong Wai Seng

Before me

Lai Din
Name of Commissioner for Oaths
No. W-668

INDEPENDENT AUDITORS' REPORT

To The Members Of Sunsuria Berhad (Incorporated in Malaysia)
Company No: 8235 - K

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sunsuria Berhad, which comprise the statements of financial position as at 30 September 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 167.

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 30 September 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with 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 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 financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Goodwill impairment
Refer to Note 10 in the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
The management of the Group is required to perform annual impairment assessment on the goodwill. Management has estimated the recoverable amounts of the cash-generating unit in which the goodwill is attached to, using the value in use approach. This is derived from the present value of the future cash flows from the cash-generating unit. We determined this to be a key audit matter as this assessment is highly subjective, involves significant judgement and is based on assumptions that may be affected by future market and economic conditions.	Our procedures included, amongst others: • reviewed, in comparison to the requirements set out in FRS 136, management's assessment as to whether goodwill was impaired; • evaluated management's future cash flow forecasts and the process by which they were determined and approved, including checking that the forecasts were consistent with the latest Board approved budgets and confirming the mathematical accuracy of the underlying calculations; • challenged and assessed the reasonableness of the key assumptions used to estimate the value in use by considering prior budget accuracy, comparison to recent performance and our understanding of the business, trend analysis and historical results; • reviewed sensitivity analysis performed by management around the key assumptions to ascertain the extent of change that individually, or in combination, would be required for the goodwill to be impaired; and • reviewed the accuracy of the Group's disclosures.

Revenue Recognition for Property Development Activities
Refer to Notes 4.25(c) and 30 in the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group recognises property development revenue using the stage of completion method. The stage of completion is determined by the proportion of property development costs incurred for work performed to date over the estimated total property development costs. Accounting for property development activities is inherently complex and there is judgement involved in the following areas:- • determination of stage of completion; and • estimated total property development costs and costs to be incurred to complete a project We determined this to be a key audit matter given the complexity and judgmental nature of these activities.	Our procedures included, amongst others: • tested costs incurred to date to supporting documentation such as contractors' claim certificates; • assessed the reasonableness of the estimated total property development costs to supporting documentation such as contracts, quotations and variation orders with contractors; • for ongoing projects, checked for any variation orders and checked that changes to contracts and quotations with the contractors, if any, are properly supported; • tested sales of properties to signed sale and purchase agreements and billings raised to property buyers; and • re-computed the stage of completion and checked the journal entries impacting revenue are recognised appropriately with reference to the computation of the stage of completion of the projects.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' report, 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 the financial statements of the Group and of the Company that give a true and fair view in accordance with 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.

As a 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 skepticism 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.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

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

OTHER MATTERS

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Chin Kit Seong
Approval No: 03030/01/2019 J
Chartered Accountant

26 January 2018
Kuala Lumpur

STATEMENTS OF
FINANCIAL POSITION

AT 30 SEPTEMBER 2017

	Note	The Group 2017 RM'000	The Group 2016 RM'000	The Company 2017 RM'000	The Company 2016 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	-	-	356,487	359,141
Investment in associates	6	686	680	594	594
Other investment	7	184	28	159	3
Property, plant and equipment	8	23,414	5,421	3,725	2,734
Investment properties	9	122,810	104,207	7,107	7,346
Trade receivables	14	-	1,513	-	-
Goodwill	10	12,381	18,222	-	-
Land held for property development	11	496,704	387,120	-	-
Deferred tax assets	12	6,107	1,432	-	-
		662,286	518,623	368,072	369,818
CURRENT ASSETS					
Property development costs	13	335,877	441,942	-	-
Accrued billings	13	58,664	82,003	-	-
Trade receivables	14	53,797	39,117	-	-
Other receivables, deposits and prepayments	15	15,415	27,986	1,306	17,165
Amount owing by subsidiaries	16	-	–	293,015	303,738
Amount owing by related parties	17	3,074	4,013	2,664	4,013
Dividend receivable		-	3,204	-	3,052
Current tax assets		5,134	22	810	-
Short-term investment	18	31,977	29,051	31,977	29,051
Fixed deposits with licensed banks	19	46,740	26,375	31,908	23,143
Cash and bank balances	20	88,769	34,350	1,324	972
		639,447	688,063	363,004	381,134
TOTAL ASSETS		1,301,733	1,206,686	731,076	750,952

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

STATEMENTS OF
FINANCIAL POSITION
AT 30 SEPTEMBER 2017 (CONT'D)

	Note	The Group 2017 RM'000	The Group 2016 RM'000	The Company 2017 RM'000	The Company 2016 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Ordinary share capital	21	399,421	399,416	399,421	399,416
Redeemable non-convertible non-cumulative preference shares	22	-	25	-	-
Reserves	23	369,583	281,310	223,671	228,852
Equity attributable to owners of the Company		769,004	680,751	623,092	628,268
Non-controlling interests	5	27,072	7,016	-	-
TOTAL EQUITY		796,076	687,767	623,092	628,268
NON-CURRENT LIABILITIES					
Deferred tax liabilities	12	98,873	100,653	-	-
Long-term borrowings	24	166,722	212,555	130	255
		265,595	313,208	130	255
CURRENT LIABILITIES					
Trade payables	27	54,967	35,891	-	-
Other payables, deposits received and accruals	28	62,670	35,170	3,313	2,016
Progress billings	13	28,653	27,821	-	-
Amount owing to subsidiaries	16	-	-	104,414	120,022
Amount owing to related parties	17	77,588	90,897	1	-
Dividend payable		22	22	-	-
Short-term borrowings	29	14,626	8,808	126	120
Current tax liabilities		1,536	7,102	-	271
		240,062	205,711	107,854	122,429
TOTAL LIABILITIES		505,657	518,919	107,984	122,684
TOTAL EQUITY AND LIABILITIES		1,301,733	1,206,686	731,076	750,952

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

STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

		The Group		The Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CONTINUING OPERATIONS					
REVENUE	30	398,479	202,401	10,514	25,338
COST OF SALES		(180,744)	(116,693)	-	-
GROSS PROFIT		217,735	85,708	10,514	25,338
OTHER INCOME		7,210	14,383	4,276	1,877
		224,945	100,091	14,790	27,215
ADMNISTRATIVE AND OTHER EXPENSES		(83,822)	(46,384)	(20,287)	(13,401)
FINANCE COSTS		(3,120)	(313)	(104)	(41)
SHARE OF RESULTS IN ASSOCIATES, NET OF TAX		6	810	-	-
PROFIT/(LOSS) BEFORE TAXATION	31	138,009	54,204	(5,601)	13,773
INCOME TAX EXPENSE	32	(30,128)	(12,092)	421	(1,273)
PROFIT/(LOSS) AFTER TAXATION FROM CONTINUING OPERATIONS		107,881	42,112	(5,180)	12,500
DISCONTINUED OPERATIONS					
PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS	33	-	7,148	-	-
PROFIT/(LOSS) AFTER TAXATION		107,881	49,260	(5,180)	12,500
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR		107,881	49,260	(5,180)	12,500

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

STATEMENTS OF PROFIT OR LOSS AND

OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 (CONT'D)

		The Group		The Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		90,748	43,839	(5,180)	12,500
Non-controlling interests		17,133	5,421	-	-
		107,881	49,260	(5,180)	12,500
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		90,748	43,839	(5,180)	12,500
Non-controlling interests		17,133	5,421	-	-
		107,881	49,260	(5,180)	12,500
EARNING PER SHARE (SEN)	34				
Basic:					
- continuing operations		11.36	4.80		
- discontinued operations		-	0.93		
Diluted:					
- continuing operations		11.36	4.80		
- discontinued operations		-	0.93		

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

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

				← Non-distributable			→	Distributable			
The Group	**Note**	**Ordinary Share Capital RM'000**	**Redeemable Non-Convertible Non-Cumulative Preference Shares RM'000**	**Share Premium RM'000**	**Warrant Reserve RM'000**	**Capital Reserve RM'000**	**Capital Redemption Reserve RM'000**	**Retained Profits RM'000**	**Attributable to Owners of the Company RM'000**	**Non-Controlling Interests RM'000**	**Total Equity RM'000**
Balance 1.10.2015		367,743	-	154,769	48,300	815	168	9,898	581,693	237	581,930
Profit after taxation/ Total comprehensive income for the financial year		-	-	-	-	-	-	43,839	43,839	5,421	49,260
Contributions by and distributions to owners of the Company:											
- Issuance of shares:											
- private placement	21,23.1	31,673	-	21,220	-	-	-	-	52,893	-	52,893
- share issuance expenses set off against share premium	23.1	-	-	(151)	-	-	-	-	(151)	-	(151)
- dividend by a subsidiary to non-controlling interest		-	-	-	-	-	-	(22)	(22)	-	(22)
- issuance of shares by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	100	100
- Acquisition of subsidiaries	35	-	-	-	-	-	-	-	-	1,265	1,265
Changes in a subsidiary's ownership interest that do not result in a loss of control		-	-	-	-	-	-	-	-	(7)	(7)
Total transaction with owners		31,673	-	21,069	-	-	-	(22)	52,720	1,358	54,078
Issuance of redeemable non-convertible non-cumulative preference shares	22	-	25	2,474	-	-	-	-	2,499	-	2,499
Balance 30.9.2016		399,416	25	178,312	48,300	815	168	53,715	680,751	7,016	687,767

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

STATEMENTS OF

CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 (CONT'D)

The Group	Note	Ordinary Share Capital RM'000	Redeemable Non-Convertible Non-Cumulative Preference Shares RM'000	← Non-distributable Share Premium RM'000	Warrant Reserve RM'000	Capital Reserve RM'000	Capital Redemption Reserve RM'000 →	Distributable Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Balance 1.10.2016		399,416	25	178,312	48,300	815	168	53,715	680,751	7,016	687,767
Profit after taxation/ Total comprehensive income for the financial year		-	-	-	-	-	-	90,748	90,748	17,133	107,881
Contributions by and distributions to owners of the Company:											
- Issuance of shares:											
- upon warrants exercised	21, 23.2	5	-	-	(1)	-	-	-	4	-	4
- by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	33	33
- Acquisition of subsidiaries	35	-	-	-	-	-	-	-	-	391	391
Transfer of redeemable non-convertible non-cumulative preference shares to non-controlling interest	22, 23.1	-	(25)	(2,474)	-	-	-	-	(2,499)	2,499	-
Total transaction with owners		5	(25)	(2,474)	(1)	-	-	-	(2,495)	2,923	428
Balance 30.9.2017		399,421	-	175,838	48,299	815	168	144,463	769,004	27,072	796,076

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

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 (CONT'D)

The Company	Note	Share Capital RM'000	Share Premium RM'000 (← Non-distributable)	Warrant Reserve RM'000 (Non-distributable)	Capital Reserve RM'000 (Non-distributable →)	Distributable (Accumulated Losses)/ Retained Profits RM'000	Total Equity RM'000
Balance 1.10.2015		367,743	154,769	48,300	1,800	(9,586)	563,026
Profit after taxation/Total comprehensive income for the financial year		-	-	-	-	12,500	12,500
Contributions by owners of the Company:							
- Issuance of shares:							
- share issuance expenses set off against share premium	23.1	-	(151)	-	-	-	(151)
- private placement	21, 23.1	31,673	21,220	-	-	-	52,893
Total transaction with owners		31,673	21,069	-	-	-	52,742
Balance 30.9.2016/1.10.2016		399,416	175,838	48,300	1,800	2,914	628,268
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	-	(5,180)	(5,180)
Contributions by owners of the Company:							
- issuance of shares upon warrants exercised	21, 23.2	5	-	(1)	-	-	4
Total transaction with owners		5	-	(1)	-	-	4
Balance 30.9.2017		399,421	175,838	48,299	1,800	(2,266)	623,092

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

STATEMENTS OF
CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation					
- continuing operations		138,009	54,204	(5,601)	13,773
- discontinued operations		-	7,349	-	-
		138,009	61,553	(5,601)	13,773
Adjustments for:-					
Accretion of interest on:					
- trade receivables		(230)	230	-	-
- trade payables		(120)	(886)	-	-
Depreciation of:					
- property, plant and equipment		1,264	925	534	444
- investment properties		184	129	146	102
Impairment loss on:					
- goodwill		5,842	-	-	-
- investment in subsidiaries		-	-	2,654	-
- trade receivables		-	1,571	-	-
Interest expenses		2,755	42	104	42
Bad debts recovered		-	(3)	-	-
Dividend income					
- subsidiaries		-	-	(6,900)	(13,648)
- an associate		-	(3,204)	-	-
(Gain)/Loss on disposal of:					
- property, plant and equipment		(1,241)	(61)	(1,241)	(50)
- investment properties		(107)	(5,788)	(107)	-
- subsidiaries		-	(2,494)	-	129
Gain on remeasurement of existing equity interests in the former associate		-	(4,663)	-	-
Interest income		(3,224)	(3,559)	(2,926)	(1,824)
Income from waiver of liability		-	(37)	-	-
Reversal of allowance for impairment loss on trade receivables		(876)	-	-	-
Share of results in associates		(6)	(810)	-	-
Operating profit/(loss) before working capital changes carried forward		142,250	42,945	(13,337)	(1,032)

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

CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 (CONT'D)

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) before working capital changes brought forward		142,250	42,945	(13,337)	(1,032)
Changes in working capital:-					
Decrease in inventories		-	828	-	-
Decrease/(Increase) in trade and other receivables		3,604	(29,085)	15,859	(16,589)
Decrease in property development costs		1,750	28,222	-	-
Increase/(Decrease) in trade and other payables		41,335	(245,507)	1,297	(767)
Decrease in amount owing by subsidiaries		-	-	1,604	1,719
Decrease/(Increase) in amount owing by related parties		939	(1,589)	1,349	(1,550)
(Decrease)/Increase in amount owing to related parties		(13,309)	87,921	-	(50)
Decrease/(Increase) in accrued billings		23,339	(31,927)	-	-
Increase/(Decrease) in progress billings		832	(19,842)	-	-
Decrease in defined benefit obligation		-	(40)	-	(87)
CASH FROM/(FOR) OPERATIONS		200,740	(168,074)	6,772	(18,356)
Interest paid		(2,755)	(42)	(104)	(42)
Real property gains tax paid		(19)	(264)	(92)	(6)
Income tax paid		(47,242)	(8,198)	(568)	(1,305)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		150,724	(176,578)	6,008	(19,709)

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

STATEMENTS OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 (CONT'D)

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Additional investment in an existing subsidiary by non-controlling interests		-	(7)	-	-
Advances to subsidiaries		-	-	-	(131,407)
Acquisition to subsidiaries, net of cash and cash equivalents acquired	35	(396)	(2,923)	*	(7,306)
Dividend received		3,204	-	3,052	25,719
Disposal of subsidiaries, net of cash and cash equivalents disposed of	36	-	39,179	-	37,966
Expenditure incurred on property development costs		(13,010)	(9,098)	-	-
Increase in fixed deposits pledged with licensed banks		(8,861)	(15,247)	(8,765)	(12,547)
Interest income received		3,224	2,700	1,563	1,785
Purchase of:					
- property, plant and equipment		(20,197)	(666)	(1,684)	(158)
- investment properties		(7,610)	(3,135)	-	(5,650)
- other investment		(156)	(3)	(156)	(3)
Proceeds from disposal of:					
- property, plant and equipment		1,705	61	1,400	50
- investment properties		200	8,600	200	-
- an associate		-	1,848	-	-
Redemption of preference shares in subsidiaries, by the subsidiaries		-	-	-	5,820
Repayment from an associate		-	15,492	-	-
Repayment from subsidiaries		-	-	9,119	-
Repayment from related parties		-	714	-	714
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(41,897)	37,515	4,729	(85,017)

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

CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 (CONT'D)

	Note	The Group 2017 RM'000	The Group 2016 RM'000	The Company 2017 RM'000	The Company 2016 RM'000
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividends to non-controlling interest		-	(22)	-	-
Drawdown of term loan		13,383	192,800	-	-
Proceeds from issuance of:					
- ordinary shares		4	52,893	4	52,893
- redeemable non-convertible non-cumulative preference shares		-	2,499	-	-
- ordinary shares to non-controlling interest in subsidiaries		33	100	-	-
Share issuance expenses		-	(151)	-	(151)
Repayment of hire purchase obligations		(119)	(114)	(119)	(114)
Repayment of term loans		(53,279)	(2,812)	-	-
(Repayment to)/Advances from subsidiaries		-	-	(7,345)	74,560
(Repayment to)/Advances from related parties		-	(120,169)	1	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(39,978)	125,024	(7,459)	127,188
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		68,849	(14,039)	3,278	22,462
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		63,401	77,440	30,023	7,561
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37	132,250	63,401	33,301	30,023

Note:

* - Represents RM1.

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

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are located at Suite 8, Main Tower, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 23 January 2018.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

FRSs and/or IC Interpretations (Including The Consequential Amendments)

FRS 14 Regulatory Deferral Accounts

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities - Applying the Consolidation Exception

Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to FRS 101: Disclosure Initiative

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to FRS 127: Equity Method in Separate Financial Statements

Annual Improvements to FRSs 2012 - 2014 Cycle

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

FRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
FRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 4: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 140 - Transfers of Investment Property	1 January 2018
Annual Improvements to FRS Standards 2014 - 2016 Cycles:	
• Amendments to FRS 12: Clarification of the Scope of the Standard	1 January 2017
Annual Improvements to FRS Standards 2014 - 2016 Cycles:	
• Amendments to FRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to FRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

As disclosed in Note 3.3 to the financial statements, the Group will be applying the Malaysian Financial Reporting Standards Framework for the annual period beginning on or after 1 October 2018. Therefore, the FRSs which are effective for annual periods beginning on or after 1 January 2018 above will not be applicable to the Group. The adoption of the above other accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

3. BASIS OF PREPARATION (CONT'D)

3.2 The amendments to FRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

3.3 MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "transitioning entities").

As further announced by MASB on 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 30 September 2019. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(b) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 12 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(c) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 10 to the financial statements.

(d) Impairment of Property, Plant and Equipment and Investment Properties

The Group determines whether its property, plant and equipment and investment properties are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment and investment properties as at the reporting date is disclosed in Notes 8 and 9 to the financial statements.

(e) Impairment of Trade Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 14 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(f) Property Development

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

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(g) Construction Contracts

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

(i) Contract Revenue

Construction contracts accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

(ii) Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

(h) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial year are disclosed in Note 35 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(i) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(j) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

<u>Business combinations from 1 April 2011 onwards</u>

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

Business combinations before 1 April 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Business combinations from 1 April 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Business combinations before 1 April 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in FRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

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

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments (Cont'd)

(iii) Preference Shares

Preference shares are classified as equity if they are non-redeemable, or are redeemable but only at the Company's option, and any dividends are discretionary. Dividends on preference shares are recognised as distributions within equity.

Preference shares are classified as financial liabilities if they are redeemable on a specific date or at the option of the preference shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

(e) Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 WARRANTS

Amount allocated in relation to the issuance of warrants are credited to the warrant reserve which is non-distributable. The warrant reserve is transferred to the share premium account upon exercise of the warrants and the warrant reserve in relation to the unexercised at the expiry of the warrants period will be transferred to retained earnings.

4.7 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.8 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 30 September 2017. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate into profit or loss when the equity method is discontinued.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Long-term leasehold land	Over the lease period of 87 years
Buildings	2%
Plant and machinery	20%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%
Renovation	20%
Signboard	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 INVESTMENT PROPERTIES

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 initially measured at cost. 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.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. Leasehold land is depreciated on a straight-line basis over the lease terms of 55 to 90 years. Buildings are depreciated on a straight-line over their estimated useful lives of 50 years.

Freehold land and investment property under construction is not depreciated.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

4.11 PROPERTY DEVELOPMENT COSTS

(a) Non-Current Property Development

Non-current property development costs consist of land and development costs where no development activities are carried out or where development activities are not expected to be completed within the normal operating cycle. Such land and development costs are carried at cost less any accumulated impairment losses, if any.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to profit or loss as incurred unless such costs are directly identifiable to the consequent property development activity.

Non-current property development costs are transferred to current asset when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Current Property Development

Current property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenues and expenses recognised in profit or loss are determined by reference to the stage of completion method. The stage of completion is determined based on the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs at the end of the reporting period.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that will be recoverable. The property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense in profit or loss immediately, including costs to be incurred over the defects liability period.

4.12 PROGRESS BILLINGS/ACCRUED BILLINGS

In respect of progress billings:-

(i) where revenue recognised in profit or loss exceeds the billings to purchasers, the balance is shown as accrued billings under current assets; and

(ii) where billings to purchasers exceed the revenue recognised to profit or loss, the balance is shown as progress billings under current liabilities.

4.13 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss, investment in subsidiaries and investment in associates), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets 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 financial asset's original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

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. Such impairment losses are not reversed in subsequent periods.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 LEASED ASSETS

(a) Finance Assets

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

4.15 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and comprises the purchase price, conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 INCOME TAXES (CONT'D)

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

4.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.18 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.19 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 FAIR VALUE MEASUREMENTS (CONT'D)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

4.20 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and and bonuses are measured on an undiscounted basis and are recognised in profit or loss and included in the construction costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the construction costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.21 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.22 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise warrants.

4.24 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.25 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

(a) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

(b) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably by reference to the stage of completion at the end of the reporting period. The stage of completion is determined by reference to the proportion of costs incurred for work performed todate. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.25 REVENUE AND OTHER INCOME (CONT'D)

(c) Property Development

Revenue from property development is recognised from the sale of completed and uncompleted development properties.

Revenue from the sale of completed properties is recognised when the sale is contracted.

Revenue on uncompleted properties contracted for sale is recognised based on the stage of completion method unless the outcome of the development cannot be reliably determined in which case the revenue on the development is only recognised to the extent of development costs incurred that are recoverable.

The stage of completion is determined based on the proportion that the development costs incurred for work performed to date bear to the estimated total development costs.

Foreseeable losses, if any, are provided in full as and when it can be reasonably ascertained that the development will result in a loss.

(d) Construction Contracts

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion that contract costs incurred for work performed to date bears to the estimated total contract costs. The change is based on a review and re-assessment performed by the directors and management over the nature of the transactions involved. The directors and management are of the view that the change is more relevant and reliable to reflect the economic substance of the transactions involved.

(e) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(f) Dividend Income

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

(g) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

5. INVESTMENT IN SUBSIDIARIES

	The Company	
	2017 RM'000	2016 RM'000
Unquoted ordinary shares, at cost:-		
At 1 October 2016/2015	52,432	45,126
Acquisition during the financial year (Note 35)	**	4,500
Transfer from investment in associates (Note 6)	-	2,806
Disposal during the financial year	-	*
At 30 September	52,432	52,432
Accumulated impairment losses:-		
At 1 October 2016/2015	(18,081)	(18,081)
Addition during the financial year #	(1,383)	-
At 30 September	(19,464)	(18,081)
	32,968	34,351
Unquoted preference shares, at cost:-		
At 1 October 2016/2015	328,090	333,910
Redemption during the financial year	-	(5,820)
At 30 September	328,090	328,090
Accumulated impairment losses:-		
At 1 October 2016/2015	(3,300)	(3,300)
Addition during the financial year #	(1,271)	-
At 30 September	(4,571)	(3,300)
	323,519	324,790
Total	356,487	359,141

Notes:-

* - Represents (RM100).

** - Represents RM1.

- A total impairment loss of RM2,654,000 (2016 - Nil), representing the write-down of the investments to their recoverable amounts, was recognised in "Administrative and Other Expenses" line item of the statement of profit or loss and other comprehensive income. The recoverable amounts were determined based on their fair value less costs to sell approach.

These investments in subsidiaries belonged to the Group's "Property Development" and "Investment Holding and Others" reportable segment.

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, which the principal place of business and country of incorporation are all in Malaysia, are as follows:-

Name of Subsidiaries	Percentage of Issued Share Capital Held by Parent 2017 %	2016 %	Principal Activities
Maica Wood Industries Sdn. Bhd. ("MWISB")	99.78	99.78	Investment holding.
Sunsuria North Sdn. Bhd. ("SNSB")	100	100	Investment holding and property investment.
Sunsuria Residence Sdn. Bhd.	100	100	Property development.
Sunsuria Arena Sdn. Bhd. ("Arena")	100	100	Property development.
Sunsuria Symphony Sdn. Bhd. ("SSSB")	100	100	Investment holding.
Sunsuria Facility Management Sdn. Bhd.	100	100	Service management and investment holding.
Sunsuria Nusantara Sdn. Bhd. ("SNTSB")	99.01	99.01	Property development.
Sunsuria Gateway Sdn. Bhd. ("SGSB")	99.99	99.99	Investment holding.
Sunsuria Forum Sdn. Bhd. ("SFSB")	51	51	Property development.
Sunsuria Builders Sdn. Bhd. (Formerly known as ("FKA") Goodwill Atlas Sdn. Bhd.) ("SBSB")	100	-	Investment holding.
Subsidiary of SSSB			
Sunsuria City Sdn. Bhd. ("SCSB")	99.99	99.99	Property development.
Subsidiaries of SCSB			
Library Mall Development Sdn. Bhd. ("LMDSB")	100	100	Investment holding. LMDSB has not commenced its operations.
Sunsuria Everrich Sdn. Bhd.	60	60	Property development.
Sunsuria City Amenities Sdn. Bhd. (FKA Sunsuria Oride Sdn. Bhd.)	100	100	Investment holding.

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Subsidiaries	Percentage of Issued Share Capital Held by Parent 2017 %	2016 %	Principal Activities
Subsidiaries of SGSB			
Sunsuria Landscape & Nursery Sdn. Bhd. ("SLNSB") ^	-	100	Landscape and nursery.
Sunsuria Genlin Development Sdn. Bhd. (FKA Goodwill Signature Sdn. Bhd.) ("SGDSB")	69.99	-	Property development.
Subsidiary of Arena			
SNLSB ^	70	-	Landscape and nursery.
Subsidiaries of SNSB			
Consolidated Factoring (M) Sdn. Bhd.	95.94	95.94	Dormant.
Sunsuria Times Sdn. Bhd.	100	100	Dormant.
Subsidiaries of SBSB			
Sunsuria Asas Sdn. Bhd. (FKA Prosperspan Construction Sdn. Bhd.) ("SASB")	51	-	Construction.
Citic Sunsuria Sdn. Bhd. ("Citic")	49	-	Construction. Citic has not commenced its operations.

Note:-

^ - On 22 August 2017, SLNSB increased its issued and paid-up share capital from 2 ordinary shares to 10,000 ordinary shares by issuing 6,998 and 3,000 ordinary shares to Arena and Gan Teck Boon for consideration of RM6,998 and RM3,000, respectively. In consequent thereof, the effective equity interest held by the Company in SLNSB decreased from 100% to 70% and the immediate holding company of SLNSB changed from SGSB to Arena.

(a) Although the Company owns less than half of the voting power in Citic, the Company controls this subsidiary by virtue of a Shareholders' Agreement which allowed SBSB, a wholly owned subsidiary of the Company to have 60% Board representative in Citic. Consequently, the Company consolidates its investment in this subsidiary.

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) The non-controlling interests at the end of the reporting period comprise the following:-

	Percentage of Issued Share Capital Held by Parent		The Group	
	2017 %	2016 %	2017 RM'000	2016 RM'000
SFSB	49	49	23,193	6,666
Other individually immaterial subsidiaries			3,879	350
			27,072	7,016

(c) The summarised financial information (before intra-group elimination) for the subsidiary that has non-controlling interests that are material to the Group is as follows:-

	SFSB	
	2017 RM'000	2016 RM'000
At 30 September		
Non-current assets	25,581	25,900
Current assets	165,852	128,268
Current liabilities	(129,285)	(134,559)
Net assets	62,148	19,609
Financial Year Ended 30 September		
Revenue	85,549	65,647
Profit after taxation for the financial year	46,550	17,453
Total comprehensive income	46,550	17,453
Total comprehensive income attributable to non-controlling interests	22,810	5,401
Net cash flows from/(for) operating activities	35,868	(30,437)
Net cash flows for investing activities	(3,530)	(1,701)
Net cash flows (for)/from financing activities	(18,325)	26,705

6. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares in Malaysia, at cost:-				
At 1 October 2016/2015	672	672	672	672
Acquisition during the financial year (Note 35)	-	2,806	-	-
Transfer to investment in subsidiaries (Note 5)	-	(2,806)	-	-
At 30 September	672	672	672	672
Share of post-acquisition profits				
At 1 October 2016/2015	584	574	-	-
For the financial year	6	810	-	-
Transfer to investment in subsidiaries (Note 35)	-	(800)	-	-
At 30 September	590	584	-	-
Accumulated impairment losses	(576)	(576)	(78)	(78)
	686	680	594	594

The details of the associates are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest 2017 %	Effective Equity Interest 2016 %	Principal Activities
Mahakota Sdn. Bhd.	Malaysia	25.4	25.4	Woodworks manufacturer and dealer in timber and wood.

(a) The Group recognised its share of results in Mahakota Sdn. Bhd. based on the unaudited financial statements of the associate as the share of results is not material to the Group.

(b) Summarised financial information has not been presented as the associate is not individually material to the Group.

7. OTHER INVESTMENT

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Investment in golf club memberships	184	25	159	-
Others	-	3	-	3
	184	28	159	3

Investment in golf club membership of the Group are designated as available-for-sale financial assets but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the investment.

8. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.10.2016 RM'000	Additions RM'000	Transfer from/(to) Investment Properties (Note 9) RM'000	Acquisition of Subsidiaries (Note 35) RM'000	Disposals RM'000	Reclassification RM'000	Depreciation Charges RM'000	At 30.9.2017 RM'000
2017								
Carrying Amount								
Freehold land	-	-	1,061	-	-	-	-	1,061
Buildings	1,788	-	(1,626)	-	(159)	14,007	(120)	13,890
Plant and machinery	-	315	-	-	(260)	-	(30)	25
Furniture, fittings and equipment	2,734	3,860	-	9	(45)	-	(696)	5,862
Motor vehicles	417	712	-	4	-	-	(205)	928
Renovation	456	67	-	-	-	-	(102)	421
Signboard	26	1,312	-	-	-	-	(111)	1,227
Construction work-in-progress	-	13,931	76	-	-	(14,007)	-	-
	5,421	20,197	(489)	13	(464)	-	(1,264)	23,414

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.10.2015 RM'000	Additions RM'000	Transfer to Investment Properties (Note 9) RM'000	Acquisition of Subsidiaries (Note 35) RM'000	Disposal of Subsidiaries (Note 36) RM'000	Depreciation Charges RM'000	At 30.9.2016 RM'000
2016							
Carrying Amount							
Long-term leasehold land	899	-	(559)	-	(337)	(3)	-
Buildings	2,793	-	-	-	(947)	(58)	1,788
Plant and machinery	1,333	14	-	-	(1,225)	(122)	-
Furniture, fittings and equipment	2,660	432	-	215	(110)	(463)	2,734
Motor vehicles	670	182	-	-	(265)	(170)	417
Renovation	517	38	-	-	-	(99)	456
Signboard	36	-	-	-	-	(10)	26
	8,908	666	(559)	215	(2,884)	(925)	5,421

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2017			
Freehold land	1,061	-	1,061
Buildings	14,007	(117)	13,890
Plant and machinery	26	(1)	25
Furniture, fittings and equipment	8,015	(2,153)	5,862
Motor vehicles	1,433	(505)	928
Renovation	723	(302)	421
Signboard	1,353	(126)	1,227
	26,618	(3,204)	23,414
2016			
Buildings	1,982	(194)	1,788
Furniture, fittings and equipment	4,193	(1,459)	2,734
Motor vehicles	717	(300)	417
Renovation	656	(200)	456
Signboard	40	(14)	26
	7,588	(2,167)	5,421

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At 1.10.2016 RM'000	Additions RM'000	Disposal RM'000	Depreciation Charges RM'000	At 30.9.2017 RM'000
2017					
Carrying Amount					
Buildings	162	-	(159)	(3)	-
Furniture, fittings and equipment	1,914	1,197	-	(300)	2,811
Motor vehicles	411	420	-	(199)	632
Renovation	247	67	-	(32)	282
	2,734	1,684	(159)	(534)	3,725

The Company	At 1.10.2015 RM'000	Additions RM'000	Depreciation Charges RM'000	At 30.9.2016 RM'000
2016				
Carrying Amount				
Buildings	168	-	(6)	162
Furniture, fittings and equipment	2,070	113	(269)	1,914
Motor vehicles	545	7	(141)	411
Renovation	237	38	(28)	247
	3,020	158	(444)	2,734

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2017			
Furniture, fittings and equipment	4,232	(1,421)	2,811
Motor vehicles	1,130	(498)	632
Renovation	372	(90)	282
	5,734	(2,009)	3,725

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2016			
Buildings	317	(155)	162
Furniture, fittings and equipment	3,036	(1,122)	1,914
Motor vehicles	710	(299)	411
Renovation	305	(58)	247
	4,368	(1,634)	2,734

(a) Included in the property, plant and equipment of the Group and the Company at the end of the reporting period were motor vehicles with a total carrying amount of RM260,000 (2016 - RM400,000), which were acquired under hire purchase terms. The leased assets have been pledged as security for the related finance lease liabilities of the Group and of the Company as disclosed in Note 25 to the financial statements.

(b) Included in property, plant and equipment is interest expense capitalised during the financial year amounting to RM40,000 (2016 - Nil).

(c) Included in property, plant and equipment of the Group and the Company are the following assets pledged to financial institutions as security granted to the Group and the Company:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Freehold land	1,061	-	-	-
Buildings	-	162	-	162
	1,061	162	-	162

9. INVESTMENT PROPERTIES

The Group	Freehold Land RM'000	Short-term Leasehold Land RM'000	Long-term Leasehold Land RM'000	Buildings RM'000	Buildings Under Construction RM'000	Total RM'000
At cost:-						
At 1 October 2015	71,221	652	-	7,803	-	79,676
Additions during the financial year	1,289	-	-	-	1,846	3,135
Disposals during the financial year	-	(652)	-	(6,151)	-	(6,803)
Acquisition of subsidiaries (Note 35)	23,379	-	-	-	1,614	24,993
Disposal of subsidiaries (Note 36)	-	-	1,900	3,750	-	5,650
Adjustment on the change of the basis of the allocation for land costs	(3,186)	-	-	-	-	(3,186)
Transfer from property, plant and equipment (Note 8)	-	-	875	-	-	875
Transfer from property development costs (Note 13)	898	-	-	-	321	1,219
At 30 September 2016/ 1 October 2016	93,601	-	2,775	5,402	3,781	105,559
Additions during the financial year	528	-	-	-	7,082	7,610
Disposals during the financial year	(67)	-	-	(93)	-	(160)
Adjustment on the change of the basis of the allocation for land costs	10,781	-	-	-	-	10,781
Transfer (to)/from property, plant and equipment (Note 8)	(1,061)	-	-	1,665	(76)	528
Reclassifications	-	-	-	3,179	(3,179)	-
At 30 September 2017	103,782	-	2,775	10,153	7,608	124,318

9. INVESTMENT PROPERTIES (CONT'D)

The Group	Freehold Land RM'000	Short-term Leasehold Land RM'000	Long-term Leasehold Land RM'000	Buildings RM'000	Buildings Under Construction RM'000	Total RM'000
Accumulated depreciation:-						
At 1 October 2015	-	365	-	4,533	-	4,898
Depreciation during the financial year	-	2	30	97	-	129
Disposal during the financial year	-	(367)	-	(3,624)	-	(3,991)
Transfer from property, plant and equipment (Note 8)	-	-	316	-	-	316
At 30 September 2016/ 1 October 2016	-	-	346	1,006	-	1,352
Depreciation during the financial year	-	-	44	140	-	184
Disposals during the financial year	-	-	-	(67)	-	(67)
Transfer from property, plant and equipment (Note 8)	-	-	-	39	-	39
At 30 September 2017	-	-	390	1,118	-	1,508
Carrying Amount:-						
2016	93,601	-	2,429	4,396	3,781	104,207
2017	103,782	-	2,385	9,035	7,608	122,810

9. INVESTMENT PROPERTIES (CONT'D)

The Company	Freehold Land RM'000	Long-term Leasehold Land RM'000	Buildings RM'000	Total RM'000
At cost:-				
At 1 October 2015	594	873	1,402	2,869
Additions during the financial year	-	1,900	3,750	5,650
At 30 September 2016/1 October 2016	594	2,773	5,152	8,519
Disposals during the financial year	(67)	-	(93)	(160)
At 30 September 2017	527	2,773	5,059	8,359
Accumulated depreciation:-				
At 1 October 2015	-	315	756	1,071
Depreciation during the financial year	-	30	72	102
At 30 September 2016/1 October 2016	-	345	828	1,173
Depreciation during the financial year	-	44	102	146
Disposals during the financial year	-	-	(67)	(67)
At 30 September 2017	-	389	863	1,252
Carrying Amount:-				
2016	594	2,428	4,324	7,346
2017	527	2,384	4,196	7,107

9. INVESTMENT PROPERTIES (CONT'D)

(a) The carrying amount of certain properties have been pledged to a licensed bank as security for banking facilities granted to the Group and the Company as disclosed in Note 26 to the financial statements. Details are as follows:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Freehold land	90,080	70,222	527	594
Buildings	632	689	565	617
Buildings under construction	-	802	-	-
	90,712	71,713	1,092	1,211

(b) The fair value of investment properties are analysed as follows:-

	2017			2016		
The Group	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Freehold land	7,530	112,706	120,236	7,303	92,658	99,961
Long-term leasehold land	5,495	-	5,495	5,315	-	5,315
Buildings	8,165	-	8,165	6,632	-	6,632
	21,190	112,706	133,896	19,250	92,658	111,908
The Company						
Freehold land	5,030	-	5,030	4,903	-	4,903
Long-term leasehold land	5,495	-	5,495	5,315	-	5,315
Buildings	6,205	-	6,205	6,632	-	6,632
	16,730	-	16,730	16,550	-	16,550

The fair value of the buildings under construction are unable to be determined reliably as there are uncertainties in estimating its fair value at this juncture.

Level 2 fair value

Level 2 fair value of the investment properties are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties

9. INVESTMENT PROPERTIES (CONT'D)

(b) The fair value of investment properties are analysed as follows (Cont'd):-

Level 3 fair value

Description of valuation technique and inputs used	Significant Unobservable inputs	Relationship of Unobservable Inputs to Fair Value
(i) Discounted cash flows ("DCF"). The DCF method is applied by discounting the expected future cash flows back to present value and applying the rate of return expected from an investment after considering the risks involved in Sunsuria City project as the discount rate.	• Discount rate of 18% (2016 - 18%) • Estimated gross development value ("GDV") • Estimated construction cost ("GDC")	The estimated fair value would increase/(decrease) if discount rate were lower/(higher). The estimated fair value would increase/(decrease) if the GDV was higher/(lower). The estimated fair value would increase/(decrease) if the GDC was lower/(higher).
(ii) Residual method, determined by external, independent property valuers, having appropriate professional qualifications and recent experience in the location and category of property being valued. In the residual method, consideration is given to the gross development value of the project and deducting there from the estimated costs of development including preliminaries, development and statutory charges, construction costs and professional fees, financing charges and developer's profit and resultant amount deferred over a period of time for the completion of the Forum 1 & Forum II projects.	• Discount rate of 8.5% (2016 - 8.5%) • Estimated GDV • Estimated GDC	The estimated fair value would increase/(decrease) if discount rate were lower/(higher). The estimated fair value would increase/(decrease) if the GDV was higher/(lower). The estimated fair value would increase/(decrease) if the GDC was lower/(higher).

(c) Included in investment properties is interest expenses capitalised during the financial year amounting to RM1,201,000 (2016 - RM369,000).

10. GOODWILL

	The Group 2017 RM'000	The Group 2016 RM'000
At cost:-		
At 1 October 2016/2015	18,229	6,776
Acquisition of subsidiaries (Note 35)	1	11,453
At 30 September	18,230	18,229
Accumulated impairment losses:-		
At 1 October 2016/2015	(7)	(7)
Impairment during the financial year	(5,842)	-
At 30 September	(5,849)	(7)
Carrying amount	12,381	18,222

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	The Group 2017 RM'000	The Group 2016 RM'000
Property development	12,381	18,222

(b) Total impairment losses amounting to RM5,842,000 were recognised in "Administrative and Other Expenses" line item of the statements of profit or loss and other comprehensive income. The impairment losses are attributable to the following reportable segment:-

	The Group 2017 RM'000	The Group 2016 RM'000
Property development	5,841	-
Construction	1	-
	5,842	-

Impairment loss of RM5,841,000 was recognised on STNSB as the management assessed the recoverable amount to be lower than the carrying amount. The Group has assessed the recoverable amount of goodwill allocated and determined that no additional impairment is required. The recoverable amount of the cash-generating unit is determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management throughout the development period.

10. GOODWILL (CONT'D)

(c) The key assumptions used in the determination of the recoverable amounts are as follows:-

	Average Gross Margin		Growth Rate		Discount Rate	
	2017	2016	2017	2016	2017	2016
	%	%	%	%	%	%
SNTSB	16	20	Refer (ii)(aa)	Refer (ii)(aa)	7.76	9.47
SFSB	42	34	Refer (ii)(ab)	Refer (ii)(ab)	7.76	9.47

(i) Budgeted gross margin : The basis use to determine the value assigned to the budgeted gross margins is the avarage gross margin achievable adjusted with expected efficiency improvement or deficiency.

(ii) Growth rate : (aa) Based on the expected projection of the sales generated from Suria Hills project.

(ab) Based on the expected projection of the sales generated from Forum I and II projects.

(iii) Discount rate (pre-tax) : The discount rate used is 7.76% per annum, computed based on the weighted average cost of capital of the Company.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

(d) Sensitivity analysis

SNTSB

The directors estimate that:-

	Key assumptions	Sensitivity analysis	Effects on recoverable amount of SNTSB
(i)	Average gross margin	Decrease of 2%	Decrease by RM204,000.
(ii)	Growth rate	Decrease of 2%	Decrease by RM48,000.
(iii)	Discount rate	Decrease of 2%	Decrease by RM299,000.

SFSB

The directors believe that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to be exceeded its recoverable amount.

11. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2017 RM'000	2016 RM'000
At cost:-		
At 1 October 2016/2015	387,120	508,089
Addition during the financial year	13,010	9,098
Adjustments on land costs # (Note 13)	-	(32,216)
Adjustments on the change of basis on the allocation of land costs	64,997	3,186
Transfer from property development costs (Note 13)	31,577	27,460
Transfer to property development costs (Note 13)	-	(128,497)
At 30 September	496,704	387,120
Represented by:-		
Freehold land	476,823	382,534
Property development cost	19,881	4,586
	496,704	387,120

Note:-

- Arose from the adjustments on land area due to the change in the business plan which resulted in the reclassification of land size in the respective phases.

(a) Included in property development costs is interest expense capitalised during the financial year amounting to RM5,832,000 (2016 - RM2,020,000).

(b) The land held for property development with total carrying amount RM476,823,000 (2016 - RM382,534,000) have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 26 to the financial statements.

12. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2017 RM'000	2016 RM'000
Deferred tax assets	6,107	1,432
Deferred tax liabilities	(98,873)	(100,653)
	(92,766)	(99,221)

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The components of deferred tax assets and deferred tax liabilities prior to offsetting are as follows:-

The Group	At 1.10.2016 RM'000	Recognised in Profit or Loss (Note 32) RM'000	At 30.9.2017 RM'000
2017			
Deferred Tax Assets			
Provision for costs	1,131	2,437	3,568
Temporary difference on property development costs	1,432	3,772	5,204
	2,563	6,209	8,772
Deferred Tax Liabilities			
Accelerated of capital allowance over depreciation of:			
- property, plant and equipment	(19)	(179)	(198)
- investment properties	(2)	-	(2)
Temporary difference on property development costs	(101,763)	425	(101,338)
	(101,784)	246	(101,538)
	(99,221)	6,455	(92,766)

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The Group	At 1.10.2015 RM'000	Recognised in Profit or Loss (Note 32) RM'000	Acquisition of Subsidiaries (Note 35) RM'000	At 30.9.2016 RM'000
2016				
Deferred Tax Assets				
Provision for costs	-	1,131	-	1,131
Temporary difference on property development costs	261	(725)	1,896	1,432
	261	406	1,896	2,563
Deferred Tax Liabilities				
Accelerated of capital allowance over depreciation of:				
- property, plant and equipment	(4)	(15)	-	(19)
- investment properties	(2)	-	-	(2)
Temporary difference on property development costs	(102,240)	(477)	-	(101,763)
	(102,246)	462	-	(101,784)
	(101,985)	868	1,896	(99,221)

The deferred tax assets have been recognised on the basis of the Company's previous history of recording profits and to the extent that is probable that future taxable profits will be available against which temporary differences can be utilised.

No deferred tax assets are recognised in the statements of financial position on the following items:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deductible temporary differences of:				
- impairment loss on trade receivables	695	1,571	-	-
- provision for costs	37	38	-	-
Unabsorbed capital allowances	6,576	6,060	516	-
Unutilised tax losses	31,382	22,869	6,781	-
Accelerated capital allowance over depreciation	(261)	-	(261)	-
	38,429	30,538	7,036	-

No deferred tax assets are recognised in respect of the above items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised. The unused tax losses and unabsorbed capital allowances do not expire under current tax legislation. However, the availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

13. PROPERTY DEVELOPMENT COSTS

	The Group 2017 RM'000	2016 RM'000
At 1 October 2016/2015		
- land	444,067	240,987
- development costs	145,930	57,059
	589,997	298,046
Acquisition of subsidiaries (Note 35):		
- land	-	116,142
- development costs	-	20,267
	-	136,409
Cost incurred during the financial year:		
- land	4,650	2,844
- development costs	176,204	85,901
	180,854	88,745
Adjustment on land costs (Note 11):		
- land	-	32,216
- development costs	-	-
	-	32,216
Adjustments on the change of basis on the allocation of land costs:		
- land	(74,457)	-
- development costs	-	-
	(74,457)	-
Transfer to investment properties (Note 9):		
- land	-	-
- development costs	-	(1,219)
	-	(1,219)
Transfer to land held for property development (Note 11):		
- land	(29,925)	(20,748)
- development costs	(1,652)	(6,712)
	(31,577)	(27,460)
Transfer from land held for property development (Note 11):		
- land	-	128,497
- development costs	-	-
	-	128,497

13. PROPERTY DEVELOPMENT COSTS (CONT'D)

	The Group	
	2017 RM'000	2016 RM'000
Reclassification:		
- land	-	2,834
- development costs	-	(2,834)
	-	-
Reversal of completed projects:		
- land	-	(58,705)
- development costs	-	(6,532)
	-	(65,237)
At 30 September		
- land	344,335	444,067
- development costs	320,482	145,930
	664,817	589,997
Costs recognised in profit or loss:-		
Cumulative costs recognised at 1 October 2016/2015	(148,055)	(74,923)
Acquisition of subsidiaries (Note 35)	-	(21,402)
Reversal of completed properties	-	65,237
Cost recognised during the financial year	(180,885)	(116,967)
Cumulative costs recognised at 30 September	(328,940)	(148,055)
Property development costs at 30 September	335,877	441,942
Cumulative revenue recognised in profit or loss	744,758	346,920
Less: Cumulative billings to purchasers	(714,747)	(292,738)
Accrued billings	30,011	54,182
The net accrued billings are represented by:-		
Accrued billings	58,664	82,003
Progress billings	(28,653)	(27,821)
	30,011	54,182

(a) The land under development of the Group with a carrying amount of RM217,600,000 (2016 - RM291,782,000) has been pledged to licensed banks for banking facilities granted to the Group as disclosed in Note 26 to the financial statements.

(b) Included in development costs is interest expense capitalised during the financial year amounting to RM2,951,000 (2016 - RM2,977,000).

14. TRADE RECEIVABLES

	The Group	
	2017 RM'000	2016 RM'000
Non-current		
Trade receivables	-	1,513
Current		
Trade receivable	54,492	40,688
Allowance for impairment losses	(695)	(1,571)
	53,797	39,117
	53,797	40,630

Allowance for impairment losses:-		
At 1 October 2016/2015	(1,571)	(9)
Addition during the financial year	-	(1,571)
Reversal during the financial year	876	-
Disposal of subsidiaries (Note 36)	-	9
At 30 September	(695)	(1,571)

(a) In the previous financial year, the non-current trade receivables were repayable in the financial year ending 2018.

(b) The Group's normal trade credit terms for current trade receivables range from 14 to 30 (2016 - 14 to 30) days. Other credit terms are assessed and approved on a case-by-case basis.

(c) Included in trade receivables of the Group is an amount of RM5,944,000 (2016 - Nil) arose from sale of properties, owing by a company which is substantially owned by a close family member of a director of the Company.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other receivables:				
- interest bearing	-	16,500	-	16,500
- non-interest bearing	1,005	1,997	247	57
Goods and services tax recoverable	1,126	6,615	24	-
Advances to payables	3,750	-	-	-
Deposits	7,844	2,105	687	308
Prepayments	1,690	769	348	300
	15,415	27,986	1,306	17,165

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

(a) In the previous financial year, included in other receivables of the Group and of the Company is an amount of RM16.5 million owing by Creed Investments Pte Ltd ("Creed"), representing the remaining unpaid shares purchase consideration for the disposal of the entire issued and paid-up share capital in Concord Property Management Sdn. Bhd. to Creed as disclosed in Note 36 to the financial statements.

The amount owing by Creed is subject to interest rate of 5.4% per annum and Creed had repaid the outstanding balance of RM16.5 million together with the interest on 27 February 2017.

(b) Included in deposits is deposit amounting to RM2,800,000 paid for the purchase of development land as disclosed in Notes Note 41 and 43(k) to the financial statements.

16. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company					
	2017			2016		
	Interest Bearing RM'000	Non-Interest Bearing RM'000	Total RM'000	Interest Bearing RM'000	Non-Interest Bearing RM'000	Total RM'000
Amount owing by:						
- Trade balances	-	578	578	-	2,182	2,182
- Non-trade balances						
Principal	8,323	282,751	291,074	41,491	260,065	301,556
Interest	1,363	-	1,363	-	-	-
	9,686	282,751	292,437	41,491	260,065	301,556
	9,686	283,329	293,015	41,491	262,247	303,738
Amount owing to:						
- Non-trade balances	-	(104,414)	(104,414)	-	(120,022)	(120,022)

(a) The trade and non-trade non-interest bearing amounts are unsecured, interest-free and repayable on demand. The amounts owing are to be settled by cash.

(b) The interest bearing amount at the end of the reporting period bore the following interest rate:-

	2017 %	2016 %
Interest rate per annum	5.50	5.50

17. AMOUNTS OWING BY/(TO) RELATED PARTIES

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Amount owing by:				
- Trade balances	3,074	4,013	2,664	4,013
Amount owing to:				
- Trade balances	(75,493)	(88,802)	-	-
- Non-trade balances	(2,095)	(2,095)	(1)	-
	(77,588)	(90,897)	(1)	-

(a) The trade balances are unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

(b) Included in amount owing to related parties (trade balance) are as follows:-

(i) retention sum amounting to RM436,000 (2016 - RM436,000) was unsecured and interest-free. The retention sum has been due upon expiry of the defect liability period in September 2017. The Group is expected to settle the retention sum due in the financial year ending 30 September 2018.

(ii) remaining purchase consideration amounted to RM75,056,000 (2016 - RM88,366,000) for the purchase of a piece of freehold development land held under H.S.(D) 268650 PT27890, Daerah Petaling, Mukim Bukit Raja, Negeri Selangor.

The amount owing is to be settled in cash.

(c) Related parties refer to companies substantially owned by a director or a close family member of a director of the Company.

18. SHORT-TERM INVESTMENT

	The Group/The Company	
	2017 RM'000	2016 RM'000
Financial assets at fair value through profit or loss:		
- Money market fund (Note 37)	31,977	29,051

Investment in money market fund represent investment in highly liquid money market instruments, which are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

19. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.65% to 3.16% (2016 - 2.65% to 3.15%) per annum and 2.95% to 3.16% (2016 - 2.95% - 3.15%) per annum respectively. The fixed deposits have maturity periods ranging from 1 day to 12 months (2016 - 1 to 12 months) and 1 to 12 months (2016 - 1 to 12 months) for the Group and the Company respectively.

(b) The amount of fixed deposits pledged with licensed banks as security for banking facilities granted to the Group and to the Company are as follows:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed deposits pledged for:				
- revolving credit	27,636	23,143	27,636	23,143
- bank guarantee	4,272	-	4,272	-
- term loan (Note 26)	3,328	3,232	-	-
	35,236	26,375	31,908	23,143

20. CASH AND BANK BALANCES

Included in the cash and bank balances of the Group is an amount of RM67,716,000 (2016 - RM18,419,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966. The amount is held at call with banks and is available only to the subsidiaries involved in the property development activities.

21. ORDINARY SHARE CAPITAL

	The Company			
	2017	2016	2017	2016
	Number of Shares '000		RM'000	RM'000
Ordinary Shares of RM0.50 each:-				
Authorised	N/A	1,500,000	N/A	750,000
Ordinary Shares with No Par Value (2016 - Par Value of RM0.50 Each):-				
At 1 October	798,833	735,487	399,416	367,743
Issuance of shares pursuant to:				
- exercise of warrants	3	-	5	-
- private placement	-	63,346	-	31,673
	3	63,346	5	31,673
At 30 September	798,836	798,833	399,421	399,416

Note:-

N/A - Not applicable pursuant to Companies Act 2016 which came into operation on 31 January 2017 as disclosed in item 21(c) below.

21. ORDINARY SHARE CAPITAL (CONT'D)

During the financial year:-

(a) The Company increased its issued and paid-up share capital from 798,831,292 ordinary shares to 798,834,302 ordinary shares by the issuance of 3,010 new ordinary shares for cash arising from the exercise of warrants at the exercise price of RM1.50 per warrant.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company;

(b) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per share at meetings of the Company; and

(c) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. There is no impact on the numbers of ordinary shares and redeemable non-convertible non-cumulative preference shares in issue or the relative entitlement of any of the members as a result of this transition.

22. REDEEMABLE NON-CONVERTIBLE NON-CUMULATIVE PREFERENCE SHARES ("RNCNCPS")

	The Group			
	2017	2016	2017	2016
	Number of Shares '000		RM'000	RM'000
RNCNCPS of RM0.01 each:-				
Authorised	N/A	15,000	N/A	150
RNCNCPS with No Par Value (2016 - Par Value of RM0.01 Each):-				
Issued and Fully Paid-Up				
At 1 October 2016/2015				
Issuance of new shares	2,499	2,499	25	25
Transfer to non-controlling interests	(2,499)	-	(25)	-
At 30 September	-	2,499	-	25

On 6 May 2016, Sunsuria Everrich Sdn. Bhd. ("SESB"), a 60% owned subsidiary of the Company issued 2,498,760 RNCNCPS of RM0.01 each at a premium of RM0.99 each to Welcome Global Co. Ltd, shareholder of SESB.

The salient terms of the RNCNCPS are as follows:-

Terms	**Details**
Non-cumulative dividend	The RNCNCPS carries the right to receive non-cumulative preferential dividend out of distributable profits of the Company at a rate to be determined by SESB on the capital paid up or credited as paid up thereon.
Redemption	The RNCNCPS is redeemable at its par value plus a redemption premium per share at any time by giving not less than one month's prior written notice (''redemption notice") to the holders of the preference shares of its intention to do so on the date specified in the redemption notice.

22. REDEEMABLE NON-CONVERTIBLE NON-CUMULATIVE PREFERENCE SHARES ("RNCNCPS") (CONT'D)

The salient terms of the RNCNCPS are as follows (Cont'd):-

Terms	Details
Voting rights	The RNCNCPS holders shall have the same rights as the holders of ordinary shares as regards receiving notices, reports and audited accounts as well as speaking at and attending general meetings of SESB, but shall only have the right to vote, in person or proxy, at any meeting convened or by way of written resolution on any question motion or resolution: (i) for the winding up of the Company; (ii) for abrogating or varying or otherwise directly affecting the special rights and privileges attaching to the preference shares; or (iii) in the event that, at the date of the notice convening the meeting, any dividend on the preference shares is in arrears for more than six (6) months.

23. RESERVES

		The Group		The Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Share premium	23.1	175,838	178,312	175,838	175,838
Warrant reserve	23.2	48,299	48,300	48,299	48,300
Capital reserve	23.3	815	815	1,800	1,800
Capital redemption reserve	23.4	168	168	-	-
Retained profits/(Accumulated losses)		144,463	53,715	(2,266)	2,914
		369,583	281,310	223,671	228,852

23.1 SHARE PREMIUM

The movements in the share premium are as follows:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 October 2016/2015	178,312	154,769	175,838	154,769
Issuance of shares pursuant to private placement	-	21,220	-	21,220
Issuance of RNCNCPS	-	2,474	-	-
Share issuance expenses	-	(151)	-	(151)
Transfer to non-controlling interests	(2,474)	-	-	-
At 30 September	175,838	178,312	175,838	175,838

The Company has adopted the transitional provisions set out in Section 618(3) of the Companies Act 2016 ("Act") where the sum standing to the credit of the share premium may be utilised within twenty four (24) months from the commencement date of 31 January 2017 in the manner as allowed for under the Act. Therefore, the Company has not consolidated the share premium into share capital until the expiry of the transitional period.

23. RESERVES (CONT'D)

23.2 WARRANT RESERVE

	The Group/The Company	
	2017 RM'000	2016 RM'000
At 1 October 2016/2015	48,300	48,300
Exercise during the financial year	(1)	-
At 30 September	48,299	48,300

(a) The warrant reserve arose from the allocation of the proceeds received from the renounceable rights issue of 475,084,416 new ordinary shares of RM0.50 each together with 158,361,472 free detachable warrants issued on 23 July 2015.

The reserve is determined by reference to the fair value of the warrants of RM0.305 each amounting to RM48,300,249 immediately upon the listing and quotation of the rights issue on the Main Market of Bursa Malaysia Securities Berhad on 27 July 2015.

(b) The warrant reserve relates to the portion of proceeds from the rights shares issue ascribed to the attached warrants. As and when the warrants are exercised, the related balance in the warrant reserve will be transferred to the share capital account. Each warrant carries the right to subscribe for 1 new ordinary share in the capital of the Company at an exercise price of RM1.50. The warrants will expire on 22 July 2020. At the expiry of the warrants, the balance in the warrant reserve will be transferred to retained profits.

(c) The following is the movement in the number of warrants to take up unissued ordinary shares of the Company during the financial year:-

	Number of Warrants '000
At 1 October 2016	158,361
Exercise during the financial year	(3)
At 30 September	158,358

(d) The warrants are constituted by the Deed Poll dated 11 June 2015. The salient features of the warrants are as follows:-

(i) Each warrant entitled the registered holder to subscribe for 1 new ordinary share of the Company at any time during the 5 years period commencing on and including 23 July 2015 to 22 July 2020 ("Exercise Period") at RM1.50 per new ordinary share of the Company;

(ii) Any warrants not exercised during Exercise Period will thereafter lapse and cease to be valid; and

(iii) The new ordinary shares allotted and issued pursuant exercise of the warrants shall rank pari passu in all aspects with the existing ordinary shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

23. RESERVES (CONT'D)

23.3 CAPITAL RESERVE

Capital reserves arose from the profit on disposal of investment in a subsidiary.

23.4 CAPITAL REDEMPTION RESERVE

The Company has adopted the transitional provisions set out in Section 618(4) of the Companies Act 2016 ("Act") where the sum standing to the credit of the capital redemption reserve may be utilised within twenty four (24) months from the commencement date of 31 January 2017 in the manner as allowed for under the Act. Therefore, the Company has not consolidated the capital redemption reserve into share capital until the expiry of the transitional period.

24. LONG-TERM BORROWINGS

	The Group		The Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Hire purchase payables (Note 25)	130	255	130	255
Term loans (Note 26)	166,592	212,300	-	-
	166,722	212,555	130	255

25. HIRE PURCHASE PAYABLES

	The Group/The Company	
	2017 RM'000	**2016 RM'000**
Minimum hire purchase payments:		
- not later than 1 year	135	135
- later than 1 year and not later than 5 years	133	267
	268	402
Less: Future finance charges	(12)	(27)
Present value of hire purchase payables	256	375
Analysed by:-		
Current liabilities (Note 29)	126	120
Non-current liabilities (Note 24)	130	255
	256	375

(a) The hire purchase payables of the Group and of the Company are secured by the Group's and the Company's motor vehicles under finance leases as disclosed in Note 8 to the financial statements.

(b) The hire purchase payables of the Group and of the Company bore effective interest rates ranging from 4.64% to 4.81% (2016 - 4.64% to 4.81%) per annum at the end of reporting period. The interest rates are fixed at the inception of the hire purchase agreement.

26. TERM LOANS

	The Group 2017 RM'000	The Group 2016 RM'000
Current liabilities (Note 29)	14,500	8,688
Non-current liabilities (Note 24)	166,592	212,300
	181,092	220,988

(a) The term loans are secured by a first party legal charge over the Group's land held for property development, investment properties, property, plant and equipment, property development costs and fixed deposits with licensed banks.

(b) The interest rate profile of the term loans is summarised below:-

	Effective Interest rate 2017 %	Effective Interest rate 2016 %	The Group 2017 RM'000	The Group 2016 RM'000
Floating rate term loans				
I	5.10	4.95	19,500	28,188
II	5.21	5.15	161,592	192,800
			181,092	220,988

(c) Term Loan I

(i) The term loan is repayable over a period of 5 years and the repayment term of the term loan is by redemption of individual units or through a reduction schedule, whichever is earlier. Below are the reduction schedule:-

Reduction date	Amount RM'000
30.06.2016	1,000
30.09.2016	1,500
31.12.2016	1,500
31.03.2017	2,000
30.06.2017	2,500
30.09.2017	3,000
31.12.2017	3,500
31.03.2018	3,500
30.06.2018	3,500
30.09.2018	4,000
31.12.2018	5,000
	31,000

26. TERM LOANS (CONT'D

(c) Term Loan I (Cont'd)

(ii) Term loan I is secured by:-

- a facility agreement;
- a legal charge over 28 (2016 - 30) plots of bungalow land located at Jalan Setia Perdana U13/28C, Bandar Setia Alam, Seksyen U13, Shah Alam, Selangor under Mukim Bukit Raja, Daerah Petaling, Selangor of a subsidiary as disclosed in Note 13 to the financial statements ("Property A");
- a pledge of fixed deposits amounting to RM535,000 (2016 - RM521,000) as disclosed in Note 19 to the financial statements;
- a corporate guarantee of the Company for RM32,519,000 together with interest;
- a specific debenture with a fixed charge over Property A.

(iii) The significant covenants of the term loan are as follows:-

- the subsidiary shall maintain a minimum security cover as outlined in letter of offer; and
- the subsidiary shall maintain a Debt Service Reserve Account for the purpose of maintaining a debt service amount. The minimum balance to be maintained shall be RM500,000 for the entire tenure of the term loan.

The Group has complied with all the requirements of the covenants as at 30 September 2017.

(c) Term Loan II

(i) The term loan II is repayable over 10 years by 47 monthly principal repayments of RM4,017,000 each with 1 final month principal repayment of RM4,001,000 commencing on the 73rd month from the date of the first drawdown, or by application of redemption sum pursuant to the redemption units to be developed on the Property.

(ii) Term loan II is secured by:-

- a facility agreement;
- a legal charge over 9 parcels of freehold development land held under title H.S.(D) 39882, 39890, 39888, 39880, 39891, 39881, 39886, 39887 and 39884 situated in Mukim Dengkil, District of Sepang, State of Selangor ("Property B");
- a general debenture creating a fixed and floating charge over the Company's undertaking, assets, rights and properties, both present and future whatsoever and wheresoever situated (including but not limited to the Property and all development projects to be undertaken by the Company on the Property B);
- placement of fixed deposits for the funds in the Debt Service Reserve Account ("DSRA"), which the DSRA shall cover minimum 3 months' interest payment; and
- a corporate guarantee of the Company.

27. TRADE PAYABLES

	The Group	
	2017 RM'000	2016 RM'000
Trade payables	14,672	16,502
Retention sum payables	16,584	10,360
Accrued costs	23,711	9,029
	54,967	35,891

(a) The normal trade credit term granted to the Group is 30 (2016 - 30) days.

(b) The retention sums are unsecured, interest-free and are expected to be paid upon expiry of the defect liability period, ranging from the financial years ending 2018 to 2022 (2016 - 2017 to 2020).

28. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other payables	5,974	4,686	225	-
Deposits received	1,342	2,573	91	63
Accruals	36,683	17,177	2,997	1,902
Advances received from the purchasers	18,160	10,682	-	-
Goods and services tax payables	511	52	-	51
	62,670	35,170	3,313	2,016

In the previous financial year, included in accruals is an amount of RM1,255,000 in respect of accrued remaining purchase consideration for the purchase of 9 parcels of development land totalling 331.27 acres from Sime Darby Serenia Development Sdn. Bhd..

29. SHORT-TERM BORROWINGS

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Hire purchase payables (Note 25)	126	120	126	120
Term loans (Note 26)	14,500	8,688	-	-
	14,626	8,808	126	120

30. REVENUE

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Continuing operations:-				
Property development activities	397,837	198,933	-	-
Management fee	6	2,681	3,025	11,385
Dividend income	-	152	6,900	13,648
Rental income	636	635	589	305
	398,479	202,401	10,514	25,338
Discontinued operations (Note 33):-				
Sale of goods	-	9,301	-	-
Dividend income	-	3,052	-	-
	-	12,353	-	-
	398,479	214,754	10,514	25,338

31. PROFIT/(LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit/(Loss) before taxation from continuing operations is arrived at after charging/(crediting):-				
Accretion of interest on:				
- trade receivables	(230)	230	-	-
- trade payables	(120)	(886)	-	-
Auditors' remuneration:				
- auditors of the Company:				
- audit fee	283	150	70	50
- non-audit fee	11	11	11	11
- other auditors:				
- audit fee				
- for the financial year	-	19	-	-
- underprovision in the previous financial year	8	-	-	-
Depreciation of:				
- property, plant and equipment (Note 8)	1,264	744	534	444
- investment properties (Note 9)	184	129	146	102
Direct operating expenses on investment properties	140	139	136	50
Directors' remuneration (Note 38(a))	5,667	3,748	5,189	3,748
Impairment loss on:				
- goodwill (Note 10)	5,842	-	-	-
- investment in subsidiaries (Note 5)	-	-	2,654	-
- trade receivables (Note 14)	-	1,571	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bank guarantee	740	-	77	-
- commitment fee	802	-	-	-
- hire purchase	15	21	15	21
- revolving credit	12	21	12	21
- term loans	1,145	-	-	-
- property purchasers	41	-	-	-
Preliminary expenses	8	14	-	-

31. PROFIT/(LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS (CONT'D)

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Rental expense:				
- motor vehicles	170	246	170	246
- premises	1,035	2,034	940	1,049
- office equipment	21	50	17	14
- show room	70	67	-	-
Staff costs (including other key management personnel as disclosed in Note 38(b)):				
- salaries, overtime, bonus, allowances and other benefits	13,623	10,079	3,860	3,310
- defined contribution plan	1,570	1,144	255	300
Bad debts recovered	-	(3)	-	-
Dividend income from:				
- subsidiaries	-	-	(6,900)	(13,648)
- an associate	-	(152)	-	-
Gain on remeasurement of existing equity interests in the former associate (Note 35)	-	(4,663)	-	-
Gain on disposal of:				
- property, plant and equipment	(1,241)	(50)	(1,241)	(50)
- investment properties	(107)	(5,788)	(107)	-
- subsidiaries	-	-	-	129
Interest income on financial assets that are not at fair value through profit or loss:				
- cash and cash equivalents	(2,881)	(2,054)	(1,563)	(1,785)
- property purchasers	(343)	(626)	-	-
- amount owing by an associate	-	(39)	-	-
- amount owing by a related party	-	-	-	(39)
- amount owing by subsidiaries	-	-	(1,363)	-
Rental income from:				
- investment properties	(636)	(636)	(589)	(305)
- show room	(2)	-	-	-
Reversal of allowance for impairment loss on trade receivables	(876)	-	-	-
Share of results in associates	(6)	(810)	-	-

32. INCOME TAX EXPENSE

	The Group 2017 RM'000	The Group 2016 RM'000	The Company 2017 RM'000	The Company 2016 RM'000
Continuing operations:				
Current tax:				
- for the financial year	37,680	12,239	-	813
- (over)/underprovision in the previous financial year	(1,116)	457	(513)	454
	36,564	12,696	(513)	1,267
Deferred tax (Note 12):				
- relating to originating and recognition of temporary differences	(3,523)	(868)	-	-
- overprovision in the previous financial year	(2,932)	-	-	-
	(6,455)	(868)	-	-
Real property gains tax	19	264	92	6
Total income tax expense attributable to continuing operations	30,128	12,092	(421)	1,273
Discontinued operations (Note 33):				
Current tax:				
- for the financial year	-	197	-	-
- underprovision in the previous financial year	-	4	-	-
Total income tax expense attributable to discontinued operations	-	201	-	-
Total	30,128	12,293	(421)	1,273

32. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit/(Loss) before taxation:				
- continuing operations	138,009	54,204	(5,601)	13,773
- discontinued operations	-	7,349	-	-
	138,009	61,553	(5,601)	13,773
Tax at the statutory tax rate of 24% (2016 - 24%)	33,122	14,773	(1,344)	3,306
Tax effects of:-				
Non-taxable income	(6,844)	(3,149)	(1,656)	(3,276)
Non-deductible expenses	5,987	3,958	1,311	783
Share of results in associates	(2)	(194)	-	-
Deferred tax assets not recognised during the financial year	1,894	189	1,689	-
Utilisation of deferred tax assets previously not recognised	-	(4,009)	-	-
Real property gains tax	19	264	92	6
(Over)/Underprovision in the previous financial year				
- current tax	(1,116)	461	(513)	454
- deferred tax	(2,932)	-	-	-
Income tax expense for the financial year	30,128	12,293	(421)	1,273

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016 - 24%) of the estimated assessable profit for the financial year.

On 21 October 2016, the Government of Malaysia announced the reduction of income tax rate from 24% to a range of 20% to 24% based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment for years of assessment 2017 and 2018.

Tax savings during the financial year arising from:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Utilisation of capital allowances				
- current year	1,840	374	516	-
Utilisation of tax losses				
- for the financial year	3,388	72	3,378	-
- previously not recognised	-	12,750	-	-

33. PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS

2016

(a) MWISB, a 99.78% owned subsidiary of the Company had on 31 March 2016 entered into a Shares Sale and Purchase Agreement with Low Fatt Wood Industries Sdn. Bhd. and Dato' Low Kian Chuan for the disposal of its entire equity interest in Maicador Sdn. Bhd. ("Maicador") for a cash consideration of RM3,210,000.

The disposal was completed on 31 March 2016. In consequent thereof, Maicador ceased to be a 99.78% indirect owned subsidiary of the Company.

(b) On 30 September 2016 the Company has completed the Put Option in accordance with the terms of the Share Purchase Agreement. Accordingly, Concord Property Management Sdn. Bhd. ("CPMSB") ceased to be a subsidiary of the Company and CI Medini Sdn. Bhd. ("CIMSB") ceased to be an associate of the Company.

An analysis of the results of the discontinued operations is as follows:-

	The Group	
	2017 RM'000	2016 RM'000
Revenue (Note 30)	-	12,353
Cost of sales	-	(7,556)
Gross profit	-	4,797
Other income	-	1,013
	-	5,810
Administrative and other expenses	-	(955)
Gain on disposal of discontinued operations (Note 36)	-	2,494
Profit before taxation (Note 32)	-	7,349
Income tax expense (Note 32)	-	(201)
Profit after taxation from discontinued operations	-	7,148

33. PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS (CONT'D)

(a) Included in profit before taxation from discontinued operations are the following:-

	The Group	
	2017 RM'000	2016 RM'000
Auditors' remuneration:		
- other auditors	-	8
Depreciation of property, plant and equipment	-	181
Staff costs:		
- salaries, overtime, bonus, allowances and other benefits	-	2,247
- defined contribution plan	-	188
- defined benefit plan	-	63
Dividend income from an associate	-	(3,052)
Gain on disposal of:		
- property, plant and equipment	-	(11)
- subsidiaries (Note 36)	-	(2,494)
Interest income on financial assets not at fair value through profit or loss:		
- cash and cash equivalents	-	(20)
- amount owing by an associate	-	(820)
Income from waiver of liability	-	(37)
Realised gain on foreign exchange	-	(4)
Rental income on:		
- equipment	-	(120)

(b) The cash flows attributable to the discontinued operations are as follows:-

	The Group	
	2017 RM'000	2016 RM'000
Net cash from operating activities	-	1,738
Net cash from investing activities	-	22,867
Net cash for financing activities	-	(21,561)
Net cash from discontinued operations	-	3,044

34. EARNINGS PER SHARE

(a) Basic earnings per share

	The Group	
	2017	2016
Profit after taxation attributable to owners of the Company (RM'000):		
- continuing operations	90,748	36,691
- discontinued operations	-	7,148
	90,748	43,839
Weighted average number of ordinary shares ('000):-		
Ordinary shares in issued at 1 October 2016/2015	798,833	735,487
Effect of new ordinary shares issued pursuant to:		
- private placement	-	29,249
- exercise of warrants	1	-
Weighted average number of ordinary shares in issue at 30 September ('000)	798,834	764,736
Basic earnings per share (Sen):		
- continuing operations	11.36	4.80
- discontinued operations	-	0.93

(b) Diluted earnings per share

The exercise of warrants are anti-dilutive as the exercise price of the warrants are higher than the average market price of the Company's ordinary shares in the current and previous financial year. Accordingly, the exercise of warrants have been ignored in the calculation of dilutive earnings per share.

35. ACQUISITION OF SUBSIDIARIES

2017

	Acquisition of Ordinary Shares RM'000	Subscription of Ordinary Shares RM'000	Total Ordinary Shares Acquired RM'000
Subsidiary directly held by the Company:			
- SBSB	^	-	^
Subsidiaries indirectly held by the Company:			
- SASB	408	-	408
- SGDSB	^	-	^
- Citic	-	#	#
	408	#	408

Notes:-
^ - Represents RM1.
# - Represents RM49.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	At Date Of Acquisition	
	Carrying Amount RM'000	Fair Value Recognised RM'000
Property, plant and equipment (Note 8)	13	13
Amount owing by contract customers	3,040	3,040
Other receivables and deposits	3,094	3,094
Cash and bank balances	12	12
Trade payables	(2,101)	(2,101)
Other payables and accruals	(3,260)	(3,260)
Net identifiable assets acquired	798	798
Less: Non-controlling interests, measured at the proportionate share of the fair value of the net identifiable asset		(391)
Add: Goodwill on consolidation		1
Total purchase consideration, to be settled by cash		408
Less: Cash and cash equivalents of subsidiary acquired		(12)
Net cash outflow for acquisition of subsidiaries		396

35. ACQUISITION OF SUBSIDIARIES (CONT'D)

2017 (Cont'd)

(a) The goodwill is attributable mainly to the control premium paid. In addition, the purchase consideration also included benefits derived from the expected revenue growth of the subsidiary. This benefit is not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not be deductible for tax purposes.

(b) The acquired subsidiary has contributed the following results to the Group:-

	The Group 2017 RM'000
Revenue	3,468
Profit after taxation	2,185

(c) If the acquisition had taken place at the beginning of the financial year, the Group's revenue and profit after taxation would have been as follows:-

	The Group 2017 RM'000
Revenue	3,468
Profit after taxation	1,880

2016

In the previous financial year, the Company had on:-

(a) 3 February 2016 entered into and completed a Shares Sale and Purchase Agreement with Carefeel Cotton Industries (M) Sdn. Bhd. and Peekay Global Sdn. Bhd. for the acquisition of 9,500 ordinary shares of RM1 each in SFSB, representing 19% equity interest in SFSB for a cash consideration of RM2,805,680.

In consequent thereof, SFSB became an associate of the Company.

(b) 25 March 2016 entered into and completed a Shares Sale and Purchase Agreement with Sunsuria Development Sdn. Bhd. for the acquisition of 16,000 ordinary shares of RM1 each in SFSB, representing 32% equity interest in SFSB for a cash consideration of RM4,500,000.

In consequent thereof, SFSB became a 51% owned subsidiary of the Company.

35. ACQUISITION OF SUBSIDIARIES (CONT'D)

2016 (Cont'd)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	At Date Of Acquisition Carrying Amount RM'000	Fair Value Recognised RM'000
Property, plant and equipment (Note 8)	215	215
Investment properties (Note 9)	24,346	24,993
Property development cost (Note 13)	123,555	115,007
Deferred tax assets	-	1,896
Other receivables	17,496	17,496
Cash and bank balances	4,383	4,383
Trade payables	(1,364)	(1,364)
Other payables and accruals	(9,820)	(9,820)
Amount owing to related parties	(119,577)	(119,577)
Current tax liabilities	(576)	(576)
Progress billings	(30,072)	(30,072)
Net identifiable assets acquired	8,586	2,581
Less: Non-controlling interests, measured at the proportionate share of the fair value of the net identifiable asset		(1,265)
Add: Goodwill on consolidation (Note 10)		11,453
Less: Gain on remeasurement of existing equity interests in the former associate (Note 31)		(4,663)
Less: Transfer from interest in an associate (Note 6)		(800)
Total purchase consideration, to be settled by cash (Note 5)		7,306
Less: Cash and cash equivalents of subsidiary acquired		(4,383)
Net cash outflow for acquisition of a subsidiary		2,923

(a) The goodwill is attributable mainly to the control premium paid. In addition, the purchase consideration also included benefits derived from the expected revenue growth of the subsidiary. This benefit is not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not be deductible for tax purposes.

35. ACQUISITION OF SUBSIDIARIES (CONT'D)

2016 (Cont'd)

(b) The acquired subsidiary has contributed the following results to the Group:-

	The Group 2016 RM'000
Continuing operations	
Revenue	43,257
Profit after taxation	19,788

(c) If the acquisition had taken place at the beginning of the financial year, the Group's revenue and profit after taxation would have been as follows:-

	The Group 2016 RM'000
Continuing operations	
Revenue	286,042
Profit after taxation	71,278
Discontinued operations	
Revenue	12,353
Profit after taxation	7,294

36. DISPOSAL OF SUBSIDIARIES

2016

The Group had on 31 March 2016 and 30 September 2016 disposed of its entire issued and paid-up share capital in Maicador and CPMSB for a total cash consideration of RM3,210,000 and RM38,095,743, respectively.

The financial effects of the disposal at the date of disposal are summarised below:-

	The Group 2016 RM'000	The Company 2016 RM'000
Investment in a subsidiary	-	38,095
Investment in associates	38,095	-
Property, plant and equipment (Note 8)	2,884	-
Investment properties (Note 9)	(5,650)	-
Inventories	4,102	-
Trade receivables	264	-
Other receivables	161	-
Dividend receivable	3,052	-
Current tax assets	37	-
Cash and bank balances	1,997	-
Trade payables	(656)	-
Other payables, deposits received and accruals	(1,295)	-
Dividend payable	(3,052)	-
Defined benefit obligation	(1,257)	-
Carrying amount of net assets disposed of	38,682	38,095
Add: Gain/(Loss) on disposal of subsidiaries (Notes 31 and 33)	2,494	(129)
Consideration received, satisfaction in cash (Note 36(a))	41,176	37,966
Less: Cash and cash equivalents of subsidiaries disposed of	(1,997)	-
Net cash inflow from the disposal of subsidiaries	39,179	37,966

(a) Fair Value of Disposal Proceeds

	The Group 2016 RM'000	The Company 2016 RM'000
Cash	41,305	38,095
Less: Transaction costs	(129)	(129)
Net disposal proceeds	41,176	37,966

37. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short-term investment (Note 18)	31,977	29,051	31,977	29,051
Fixed deposits with licensed banks	46,740	26,375	31,908	23,143
Cash and bank balances	88,769	34,350	1,324	972
	167,486	89,776	65,209	53,166
Less: Fixed deposits pledged to licensed banks (Note 19)	(35,236)	(26,375)	(31,908)	(23,143)
	132,250	63,401	33,301	30,023

38. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(a) Directors				
Directors of the Company				
Short-term employee benefits:				
- fees	192	222	192	222
- salaries, bonuses and other benefits	4,439	3,184	4,439	3,184
Defined contribution benefits	558	342	558	342
	5,189	3,748	5,189	3,748

38. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(a) Directors (Cont'd)				
Directors of the Subsidiaries				
Short-term employee benefits:				
- salaries, bonuses and other benefits	427	-	-	-
Defined contribution benefits	51	-	-	-
	478	-	-	-
Total directors' remuneration (Notes 31)	5,667	3,748	5,189	3,748
Estimated monetary value of benefit-in-kind:				
- directors of the Company	79	61	79	61
(b) Other Key Management Personnel				
Short-term employee benefits	434	807	807	807
Defined contribution benefits	52	97	97	97
Total compensation for other key management personnel (Note 31)	486	904	904	904
Estimated monetary value of benefit-in-kind	8	-	8	-

39. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies

39. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Subsidiaries				
Advances from	-	-	32,000	103,671
Advances to	-	-	25,435	15,737
Collection received on behalf of	-	-	197	1,930
Dividend received/receivable	-	-	6,900	13,648
Interest received/receivable	-	-	1,363	-
Landscape work	-	-	2	-
Management fee received/receivable	-	-	3,025	8,712
Payment on behalf of	-	-	31,791	135,610
Payment on behalf by	-	-	335	167
Purchase of investment properties	-	-	-	5,650
Redemption of RNCNCPS by subsidiaries	-	-	-	5,820
Rental of premises income received/receivable	-	-	-	15
Sale of property, plant and equipment	-	-	-	50
Associates				
Interest income received/receivable	-	39	-	-
Management fee received/receivable	-	180	-	-
Payment on behalf of	-	40	-	-
Companies substantially owned by certain directors and their close family members				
Assignment of debts from a related party to another related party	-	452	-	-
Car park rental paid/payable	82	63	82	63
Collection received on behalf by	20	406	-	-
Interest income received/receivable	-	-	-	39
Legal fees	816	1,678	-	-
Management fee received/receivable	-	2,393	-	2,573
Payment on behalf by	98	152	98	122
Payment on behalf of	113	249	113	289
Progress billings billed for the sale of property under construction	7,418	-	-	-
Rental of premises paid/payable	940	1,049	940	1,049
Rental of motor vehicles paid/payable	170	246	170	246

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

40. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Chairman as its chief operating decision maker in order to allocate resources to segments and to assess their performance on quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main business segments as follows:-

- Property development
  - undertakes the development of commercial and residential properties.
- Construction
  - undertakes the construction activities.
- Investment holding and others
  - investment activities and provision of management services.

(a) The Executive Chairman assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than tax-related liabilities.

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

2017	Property development RM'000	Construction RM'000	Investment holding and others RM'000	Total RM'000
Revenue				
Continuing operations:				
External revenue	392,151	-	642	392,793
Inter-segment revenue	-	13,837	9,925	23,762
	392,151	13,837	10,567	416,555
Consolidation adjustments				(18,076)
Consolidated revenue				398,479
Results				
Continuing operations:				
Segment profit/(loss)	180,427	2,124	(5,578)	176,973
Finance costs				(3,120)
Share of results in an associate				6
Consolidation adjustments				(35,850)
Consolidated profit before taxation				138,009

40. OPERATING SEGMENTS (CONT'D)

2017	Property development RM'000	Construction RM'000	Investment holding and others RM'000	Total RM'000
Segment profit/(loss) includes the following:-				
Interest income	(1,659)	(1)	(1,564)	(3,224)
Interest expenses	2,651	-	104	2,755
Gain on disposal of:				
- property, plant and equipment	-	-	(1,241)	(1,241)
- investment properties	-	-	(107)	(107)
Depreciation of:				
- property, plant and equipment	696	2	566	1,264
- investment properties	-	-	184	184
Impairment loss on goodwill	5,842	-	-	5,842
Reversal of allowance for impairment loss on trade receivables	(876)	-	-	(876)
Assets				
Segment assets	1,034,536	18,694	988,058	2,041,288
Unallocated assets:				
- investment in associates				686
- deferred tax assets				6,107
- current tax assets				5,134
Consolidation adjustments				(751,482)
Consolidated total assets				1,301,733
Additions to non-current assets other than financial instruments and deferred tax assets are:-				
- property, plant and equipment (Note 8)	18,133	44	2,020	20,197
- investment properties (Note 9)	7,610	-	-	7,610
- land held for property development (Note 11)	13,010	-	-	13,010
Liabilities				
Segment liabilities	744,944	16,365	370,662	1,131,971
Unallocated liabilities:				
- deferred tax liabilities				98,873
- current tax liabilities				1,536
Consolidation adjustments				(726,723)
Consolidated total liabilities				505,657

40. OPERATING SEGMENTS (CONT'D)

2016	Manufacturing RM'000	Property development RM'000	Investment holding and others RM'000	Total RM'000
Revenue				
Continuing operations:				
External revenue	-	196,484	3,468	199,952
Inter-segment revenue	-	-	22,375	22,375
	-	196,484	25,843	222,327
Discontinued operations:				
External revenue	9,301	-	3,052	12,353
Inter-segment revenue	-	-	-	-
	9,301	-	3,052	12,353
	9,301	196,484	28,895	234,680
Consolidation adjustments				(19,926)
Consolidated revenue				214,754
Results				
Continuing operations:				
Segment profit	-	136,370	19,861	156,231
Finance costs				(313)
Share of results in an associate				810
Consolidation adjustments				(102,524)
Consolidated profit before taxation				54,204
Segment profit includes the following:-				
Interest income	-	(891)	(1,828)	(2,719)
Interest expenses	-	-	42	42
Gain on remeasuring of existing equity interests in the former associate	-	-	(4,663)	(4,663)
Gain on disposal of:				
- property, plant and equipment	-	-	(50)	(50)
- investment properties	-	-	(5,788)	(5,788)
Depreciation of:				
- property, plant and equipment	-	267	477	744
- investment properties	-	-	129	129
Impairment loss on trade receivables	-	1,571	-	1,571

40. OPERATING SEGMENTS (CONT'D)

2016	Manufacturing RM'000	Property development RM'000	Investment holding and others RM'000	Total RM'000
Discontinued operations:				
Segment profit	3,404	-	3,866	7,270
Consolidation adjustments				79
Consolidated profit before taxation				7,349
Segment profit includes the following:-				
Interest income	(20)	-	(820)	(840)
Gain on disposal of:				
- property, plant and equipment	(11)	-	-	(11)
- subsidiaries	(2,494)	-	-	(2,494)
Depreciation of property, plant and equipment	181	-	-	181
Assets				
Segment assets	-	935,518	1,007,105	1,942,623
Unallocated assets:				
- Investment in associates				680
- Deferred tax assets				1,432
- Current tax assets				22
Consolidation adjustments				(738,071)
Consolidated total assets				1,206,686
Additions to non-current assets other than financial instruments and deferred tax assets are:				
- property, plant and equipment	190	-	476	666
- investment properties	-	3,135	-	3,135
- land held for property development	-	9,098	-	9,098
Liabilities				
Segment liabilities	-	766,910	381,949	1,148,859
Unallocated liabilities:				
- Deferred tax liabilities				100,653
- Current tax liabilities				7,102
Consolidation adjustments				(737,695)
Consolidated total liabilities				518,919

40. OPERATING SEGMENTS (CONT'D)

Geographical Segments

Information about geographical location of segment assets has not been reported separately as the Group operates principally within Malaysia. Segment revenue based on geographical location of customers is analysed as follows:-

	The Group	
	2017 RM'000	2016 RM'000
Continuing operations		
Malaysia	398,479	202,401
Discontinued operations		
Malaysia	-	11,227
United States of America	-	1,126
	-	12,353
	398,479	214,754

Major Customers

There is no single customer that contributed 10% or more to the Group's revenue.

41. CAPITAL COMMITMENT

	The Group	
	2017 RM'000	2016 RM'000
Authorised but not Contracted for		
Construction of investment properties	N/A	1,152,413
Contracted but not Provided for		
Construction of investment properties	1,735	12,532
Purchase of development land	25,200	-
	26,935	12,532
	26,935	1,164,945

42. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

42.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks and fixed rate borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in FRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 26 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2017	**2016**
	RM'000	**RM'000**
Effects on Profit/(Loss) After taxation		
Increase of 100 basis points	(1,376)	(1,680)
Decrease of 100 basis points	1,376	1,680

(iii) Equity Price Risk

The Company does not have any quoted investments and hence, is not exposed to equity price risk.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including short-term investment and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 30 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides corporate guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amount owing by a customer which constituted approximately 11% of its trade receivables (including related parties) at the end of the reporting period.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis

The ageing analysis of trade receivables (including trade amount owing by related parties) is as follows:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
2017				
Not past due	20,221	-	-	20,221
Past due:				
- less than 30 days ^	12,139	-	-	12,139
- 31 to 60 days	3,254	-	-	3,254
- 61 to 105 days	13,202	-	-	13,202
- more than 151 days	8,750	(695)	-	8,055
	57,566	(695)	-	56,871
2016				
Not past due	9,052	-	-	9,052
Past due:				
- less than 30 days ^	22,128	-	-	22,128
- 31 to 60 days	1,857	-	-	1,857
- 61 to 150 days	3,726	-	-	3,726
- more than 151 days	9,451	(1,571)	-	7,880
	46,214	(1,571)	-	44,643

Note:-
^ - Represents debts fall within the month of September.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis (Cont'd)

The ageing analysis of trade receivables (including trade amount owing by related parties) is as follows (Cont'd):-

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are substantially companies with good collection track record and no recent history of default.

Property development segment

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired, due to the following reasons:-

(i) the transfer of the property to the purchaser is subject to the full payment of the outstanding amount;

(ii) most of the purchasers have end financing arrangements, and payments are slow because of the credit processes of the end financiers; and

(iii) in the event the sale is terminated for non-payment, the Group will be able to recover the property.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2017						
Non-derivative Financial Liabilities						
Trade payables	-	54,967	56,423	56,423	-	-
Other payables, deposits received and accruals	-	62,670	62,670	62,670	-	-
Dividend payable	-	22	22	22	-	-
Amount owing to related parties	-	77,588	77,588	77,588	-	-
Hire purchase payables	4.64 - 4.81	256	268	135	133	-
Term loans	5.10 - 5.21	181,092	239,661	24,599	38,763	177,298
		376,595	436,632	221,437	38,896	177,298
2016						
Non-derivative Financial Liabilities						
Trade payables	-	35,891	37,227	37,227	-	-
Other payables, deposits received and accruals	-	35,170	35,170	35,170	-	-
Amount owing to related parties	-	90,897	90,897	90,897	-	-
Dividend payable	-	22	22	22	-	-
Hire purchase payables	4.64 - 4.81	375	402	135	267	-
Term loans	4.95 - 5.15	220,988	298,074	19,984	93,782	184,308
		383,343	461,792	183,435	94,049	184,308

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2017						
Non-derivative Financial Liabilities						
Other payables, deposits received and accruals	-	3,313	3,313	3,313	-	-
Amount owing to subsidiaries	-	104,414	104,414	104,414	-	-
Amount owing to a related party	-	1	1	1	-	-
Hire purchase payables	4.64 - 4.81	256	268	135	133	-
Financial guarantee contracts in relation to corporate and bank guarantee given to certain subsidiaries	-	-	187,500	187,500	-	-
		107,984	295,496	295,363	133	-
2016						
Non-derivative Financial Liabilities						
Other payables, deposits received and accruals	-	2,016	2,016	2,016	-	-
Amount owing to subsidiaries	-	120,022	120,022	120,022	-	-
Hire purchase payables	4.64 - 4.81	375	402	135	267	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	220,988	220,988	-	-
		122,413	343,428	343,161	267	-

42. FINANCIAL INSTRUMENTS (CONT'D)

42.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2017	**2016**
	RM'000	**RM'000**
Hire purchase payables (Note 25)	256	375
Term loans (Note 26)	181,092	220,988
	181,348	221,363
Less: Short-term investment (Note 18)	(31,977)	(29,051)
Less: Fixed deposits with licensed banks (Note 19)	(46,740)	(26,375)
Less: Cash and bank balances (Note 20)	(88,769)	(34,350)
Net debt	13,862	131,587
Total equity	796,076	687,767
Debt-to-equity ratio	0.02	0.19

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

The Group is also required to comply with certain loan covenants as disclosed in Note 26 to the financial statements, failing which, the banks may call an event of default. The Group has complied with this requirement.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Financial Assets				
Available-for-sale financial asset				
Other investment, at cost (Note 7)	184	28	159	3
Loans and Receivables Financial Assets				
Trade receivables (Note 14)	53,797	40,630	-	-
Other receivables and deposits (Note 15)	13,725	27,217	958	16,865
Amount owing by subsidiaries (Note 16)	-	-	293,105	303,738
Amount owing by related parties (Note 17)	3,074	4,013	2,664	4,013
Dividend receivable	-	3,204	-	3,052
Fixed deposits with licensed banks (Note 19)	46,740	26,375	31,908	23,143
Cash and bank balances (Note 20)	88,769	34,350	1,324	972
	206,105	135,789	329,959	351,783
Fair Value through Profit or Loss				
Short-term investment (Note 18)	31,977	29,051	31,977	29,051
Financial Liabilities				
Other Financial Liabilities				
Trade payables (Note 27)	54,967	35,891	-	-
Other payables, deposit received and accruals (Note 28)	62,670	35,170	3,313	2,016
Amount owing to subsidiaries (Note 16)	-	-	104,414	120,022
Amount owing to related parties (Note 17)	77,588	90,897	1	-
Dividend payable	22	22	-	-
Hire purchase payables (Note 25)	256	375	256	375
Term loans (Note 26)	181,092	220,988	-	-
	376,595	383,343	107,984	122,413

42. FINANCIAL INSTRUMENTS (CONT'D)

42.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Carried At Fair Value			Total Fair Value	Carrying Amount
The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
2017								
Financial Assets								
Other investment	-	-	-	-	#	-	#	184
Short-term investment	31,977	-	-	-	-	-	31,977	31,977
Financial Liabilities								
Hire purchase payables	-	-	-	-	256	-	256	256
Term loans	-	-	-	-	181,092	-	181,092	181,092
2016								
Financial Assets								
Other investment	-	-	-	-	#	-	#	28
Short-term investment	29,051	-	-	-	-	-	29,051	29,051
Financial Liabilities								
Hire purchase payables	-	-	-	-	375	-	375	375
Term loans	-	-	-	-	220,988	-	220,988	220,988

- *The fair value is not presented due to the lack of marketability of the shares and the fair value cannot be reliably measured.*

42. FINANCIAL INSTRUMENTS (CONT'D)

42.4 FAIR VALUE INFORMATION (CONT'D)

The Company	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
2017								
Financial asset								
Other investment	-	-	-	-	#	-	#	159
Financial Liability								
Hire purchase payables	-	-	-	-	256	-	256	256
2016								
Financial asset								
Other investment	-	-	-	-	#	-	#	3
Financial Liability								
Hire purchase payables	-	-	-	-	375	-	375	375

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair value of short-term investment is determined at their quoted closing prices at the end of the reporting period.

(ii) There were no transfer between Level 1 and 2 during the financial year.

(b) Fair Value of Financial Instruments not Carried At Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair values of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.4 FAIR VALUE INFORMATION (CONT'D)

(b) Fair Value of Financial Instruments not Carried At Fair Value (Cont'd)

(ii) The fair values of hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group/The Company	
	2017	2016
	%	%
Hire purchase payables	4.64 - 4.81	4.64 - 4.81

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) The Companies Act 2016 came into operation on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaced Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that have affected the financial statements of the Company upon its initial implementation are:-

(i) Removal of the authorised share capital;
(ii) Ordinary shares ceased to have par value; and
(iii) Share premium account transferred to share capital account.

The Companies Act 2016 was applied prospectively and the impacts on implementation are disclosed in the respective notes to the financial statements.

(b) On 27 March 2017, Arena and SGSB entered into a Joint Venture and Shareholders Agreement with Gan Teck Boon, to set up, operate and manage the landscape and nursery and its related businesses.

(c) On 31 March 2017, the Company acquired the entire equity interest comprising 1 ordinary share in SBSB for a cash consideration of RM1 from Teng Mee Leng.

In consequent thereof, SBSB became a wholly-owned subsidiary of the Company.

(d) On 26 April 2017, SBSB, a wholly-owned subsidiary of the Company entered into a Shares Sale and Purchase Agreement ("SSSA") with Chuah Peak San to acquire 408,000 ordinary shares in SASB, representing 51% equity interest in SASB for a cash consideration of RM408,000 ("Shares Acquisition").

(e) On 26 April 2017, SBSB, a wholly-owned subsidiary of the Company entered into Shareholders Agreement with Spanway Construction Sdn. Bhd., the shareholder who held the remaining 49% equity interest in SASB to regulate respective equity participation, rights and obligations as shareholders in SASB and the conduct of the business and affairs of SASB.

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(f) On 20 June 2017, SCSB, a 99.99% owned subsidiary of the Company signed a Memorandum of Collaboration ("MOC") with Premier Electrify Sdn. Bhd. ("PESB"), a subsidiary of PRG Holdings Berhad ("PRG") to deploy Electric Vehicles ("EV") Charging Stations within the area of Sunsuria City, Sepang, next to the Express Rail Link station. This is the first collaboration between both parties to contribute towards sustainable development and building a competitive green economy in Malaysia.

(g) On 28 June 2017, SBSB, a wholly-owned subsidiary of the Company entered into a Shareholders' Agreement with Citicc International Investment Ltd ("Citicc International") to establish a private company in Malaysia, which will be incorporated under the laws of Malaysia, as the vehicle through which SBSB and Citicc International shall undertake and carry out the business of construction work, property development and related activities in Malaysia.

(h) On 14 July 2017, the SSSA entered between SBSB and Chuah Pek San became unconditional as SBSB is satisfied with the outcome of its due diligence on SASB. Accordingly, the Shares Acquisition as disclosed in Note 43(d) has been completed in accordance with the terms of the SSSA.

In consequent thereof, SASB became an indirect 51% owned subsidiary of the Company.

(i) On 20 July 2017, SGSB, a 99.99% owned subsidiary of the Company acquired the entire equity interest comprising 1 ordinary share in SGDSB for cash consideration of RM1. Pursuant to the acquisition, SGDSB became an indirect 99.99% owned subsidiary of the Company.

(j) On 26 July 2017, SGSB, a 99.99% owned subsidiary of the Company entered into a Shareholders' Agreement ("SHA") with Genlin Development Sdn. Bhd. ("Genlin"), to mutually cooperate with the common interest to develop 2 pieces of freehold land measuring total area of approximately 2.23 acres located at Sentul, Kuala Lumpur.

Under the SHA, SGSB and Genlin held effective equity interest of 70% and 30%, respectively in SGDSB that will serve as the joint venture company to acquire and develop the land.

(k) On 26 July 2017, SGDSB entered into a Sale and Purchase Agreement ("SPA") with Genlin for the acquisition of 2 pieces of freehold land measuring total area of approximately 2.23 acres located at Sentul, Kuala Lumpur for a total cash consideration of RM28 million.

A deposit of RM2,800,000 representing 10% of the purchase consideration has been paid upon execution of the SPA as disclosed in Note 15 to the financial statements. The purchase transaction is on-going and has not been completed as at the end of the reporting period.

(l) On 2 August 2017, Citic was incorporated in Malaysia with an initial issued and paid-up share capital of 100 ordinary shares. SBSB, a wholly-owned subsidiary of the Company subscribed for 49 ordinary shares in Citic for a total cash consideration of RM49.

In consequent thereof, Citic became a 49% owned subsidiary of the Company.

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(m) On 3 August 2017, SGDSB increased its issued and paid-up share capital from 1 ordinary share to 100,000 ordinary shares by issuing 69,999 and 30,000 ordinary shares to SGSB and Genlin Development Sdn. Bhd. for consideration of RM69,999 and RM30,000, respectively. In consequent thereof, the effective equity interest held by the Company in SGDSB decreased from 99.99% to 69.99%.

(n) On 22 August 2017, SLNSB increased its issued and paid-up share capital from 2 ordinary shares to 10,000 ordinary shares by issuing 6,998 and 3,000 ordinary shares to the Arena and Gan Teck Boon for consideration fo RM6,998 and RM3,000, respectively. In consequent thereof, the effective equity interest of the Company held in SLNSB decreased from 100% to 70%.

(o) On 21 September 2017, SCSB, an indirect 99.99% owned subsidiary of the Company and SGSB, a 99.99% owned subsidiary of the Company have mutually agreed to terminate the Joint Venture and Shareholders Agreement dated 18 August 2016 entered into by SCSB and SGSB with Oride (M) Sdn. Bhd. to set up, operate and manage a public bicycle renting services and its related businesses in the freehold lands in Mukim Dengkil, District of Sepang, State of Selangor, Malaysia with total area measuring approximately 375 acres owned by SCSB.

44. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	The Group	
	As Restated RM'000	As Previously Reported RM'000
Consolidated Statements of Financial Position (Extract):-		
Trade payables	35,891	26,862
Other payables and accruals	35,170	44,199

RECURRENT RELATED
PARTY TRANSACTION

Recurrent Related Party Transactions of Revenue in Nature ("RRPT") [Disclosed in accordance with paragraph 10.09 (1)(b) and paragraph 3.1.5 of Practice Note 12, Main Market Listing Requirements]

At the last Forty-Eighth Annual General Meeting held on 27 February 2017, Sunsuria has obtained the Shareholders' Mandate to enter into RRPT with related parties as set out in the Circular to Shareholders dated 31 January 2017 ("RRPT Mandate"). This RRPT Mandate is valid until the conclusion of Sunsuria Berhad's ("Sunsuria") forthcoming Forty-Ninth Annual General Meeting to be held on 8 March 2018 ("49th AGM").

Sunsuria proposes to seek a new RRPT Mandate at its forthcoming 49th AGM ("Proposed Shareholders' Mandate"). The Proposed Shareholders' Mandate, details as provided in the Circular to Shareholders dated 30 January 2018 sent together with the Annual Report, if approved by the shareholders, would be valid until the conclusion of Sunsuria's next AGM.

Details of RRPT entered into during FY2017 (from the period of 27 February 2017 until 30 September 2017) under the RRPT Mandate are as follows:-

Transacting Companies	Transacting Related Parties	Interested Major Shareholders/ Director	Nature of Transaction	Value of Transactions (RM'000)
Sunsuria	Sunsuria Development Sdn Bhd	- Sunsuria Holdings Sdn Bhd - Tan Sri Datuk Ter Leong Yap ("Tan Sri Datuk Ter") - Puan Sri Datin Kwan May Yuen ("Puan Sri Datin Kwan") - Ter Leong Ping	Rental of office premises	383
	Genesis Pavilion Sdn Bhd	- Sunsuria Holdings Sdn Bhd - Sunsuria Development Sdn Bhd - Tan Sri Datuk Ter	Rental of office premises	187
	Planetis Resources Sdn Bhd	- Sunsuria Holdings Sdn Bhd - Sunsuria Development Sdn Bhd - Tan Sri Datuk Ter - Puan Sri Datin Kwan	Rental of office premises	13
	Sunsuria Forum Sdn Bhd	- Sunsuria Holdings Sdn Bhd - Sunsuria Development Sdn Bhd - Tan Sri Datuk Ter	Management fees	322
Sunsuria Group	Top-Mech Provincial Sdn Bhd	- Tan Sri Datuk Ter - Datuk Ter Leong Hing	Provision of lifts, installation services for lift and other materials handling equipments	562
	Directors and/or Major Shareholders of Sunsuria Group and Persons Connected to them	Directors and/or Major Shareholders of Sunsuria Group and Persons Connected to them	Sales of land or land-based properties	21,386
			TOTAL	22,853

LIST OF PROPERTIES OF
SUNSURIA BERHAD GROUP

AS AT 30 SEPTEMBER 2017

Ref	Date of Acquisition	Property Address/ Location	Description	Existing Use	Tenure/ Approximate Age of Building	Land Area (sq meters)	Net Book Value (RM'000)
1	11.06.2015	HSD 39891, PT No 55377 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	277,040	205,492
2	11.06.2015	HSD 39888, PT No 55374 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	194,533	116,862
3	11.06.2015	HSD 39891, PT No 55377 Mukim Dengkil, Daerah Sepang, Selangor	Land for investment properties	Investment properties under construction	Freehold	119,840	90,612
4	11.06.2015	HSD 39882, PT No 55368 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	95,639	67,614
5	11.06.2015	HSD 39880, PT No 55366 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	137,027	42,232
6	09.05.2016	HSD 39887, PT No 55373 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	34,317	33,507
7	11.06.2015	HSD 39884, PT No 55370 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	26,628	20,065
8	25.03.2016	Lot No PT 27890, Mukim Bukit Raja, District Petaling, Selangor	Land for investment properties	Investment properties under construction	Freehold	33,513	19,689
9	11.06.2015	HSD 39891, PT No 55377 Mukim Dengkil, Daerah Sepang, Selangor	Land & Commercial Building	Sales gallery / office	Freehold/ 1 year	12,873	14,952
10	11.06.2015	HSD 39881, PT No 55367 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	12,926	10,931

LIST OF PROPERTIES OF

SUNSURIA BERHAD GROUP

AS AT 30 SEPTEMBER 2017 (CONT'D)

Ref	Date of Acquisition	Property Address/ Location	Description	Existing Use	Tenure/ Approximate Age of Building	Land Area (sq meters)	Net Book Value (RM'000)
11	11.06.2015	HSD 39891, PT No 55377 Mukim Dengkil, Daerah Sepang, Selangor	Land & Commercial Building	Shop	Freehold/ 1 year	3,270	3,468
12	31.03.1985	Lot 1772 Section 2, Mak Mandin Industrial Estate, Seberang Perai, Pulau Pinang	Land & Industrial Building	Factory	Leasehold land with lease period expiring 19.5.2071 / 48 years	5,052	3,201
13	31.03.1983	Lot 1780 Section 3, Mak Mandin Industrial Estate, Seberang Perai, Pulau Pinang	Land & Industrial Building	Factory	Leasehold land with lease period expiring 19.5.2073 / 41 years	13,575	2,815
14	31.03.1987	No : 9, Jalan Zainal Abidin, Pulau Pinang	Land & Commercial Building	Office	Freehold / 29 years	360	1,091
15	07.08.2015	Level 11-G, Garden Wing, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara	Commercial Lot	Office	Leasehold with lease period expiring 21.02.2017 / 7 years	74	861
16	07.08.2015	Suite 3-6, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara	Commercial Lot	Office	Leasehold with lease period expiring 21.02.2017 / 7 years	111	732
17	15.12.1981	No : 15 Jalan Zainal Abidin, Pulau Pinang	Land & Commercial Building	Office	Freehold / 39 years	203	417

ANALYSIS OF SHAREHOLDINGS

AS AT 29 DECEMBER 2017

SHARE CAPITAL

Issued Share Capital : 798,834,302 ordinary shares
Voting Rights : One vote for each ordinary share held

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	213	6.90	7,624	0.00
100 - 1,000	388	12.56	254,487	0.03
1,001 - 10,000	1,654	53.54	6,819,603	0.85
10,001 - 100,000	650	21.04	21,327,628	2.67
100,001 - 39,941,714 (*)	180	5.83	274,728,180	34.39
39,941,715 and Above (**)	4	0.13	495,696,780	62.05
TOTAL:	**3,089**	**100.00**	**798,834,302**	**100.00**

Remark: * Less than 5% of issued shares
** 5% and above of issued shares

THIRTY (30) LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares Held	%
1. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER EQUITY SDN BHD (PB)	182,557,376	22.85
2. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER LEONG YAP (PB)	165,921,872	20.77
3. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER CAPITAL SDN BHD (PB)	101,917,532	12.76
4. AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR RUBY TECHNIQUE SDN BHD	45,300,000	5.67
5. LAI MING CHUN @ LAI POH LIN	28,008,000	3.51
6. HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIM HEUNG	27,000,000	3.38
7. NG LEE LING	25,000,000	3.13
8. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN TIAN MENG (PBCL-0G0174)	14,828,800	1.86
9. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN KIM HEUNG (PBCL-0G0513)	10,000,000	1.25
10. MAYBANK NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR LEE TOON HIAN (20-00216-000)	10,000,000	1.25

ANALYSIS OF
SHAREHOLDINGS
AS AT 29 DECEMBER 2017 (CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

	Name of Shareholders	No. of Shares Held	%
11.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHENG JOO TEIK (MY2225)	9,233,200	1.16
12.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP (8058900)	9,211,000	1.15
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE TOON HIAN	8,505,200	1.06
14.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHENG HENG JEM (M09)	7,000,000	0.88
15.	WONG YUEN TECK	7,000,000	0.88
16.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE BOON KEE	6,091,400	0.76
17.	THK CAPITAL SDN. BHD.	5,642,000	0.71
18.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	5,301,800	0.66
19.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KOH KIN LIP (MY0502)	5,070,000	0.63
20.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UBS AG SINGAPORE FOR TER CAPITAL SDN. BHD.	5,000,000	0.63
21.	TER CAPITAL SDN. BHD.	4,466,300	0.56
22.	CHONG CHIN HUANG	4,410,000	0.55
23.	999 RESOURCES SDN BHD	4,000,000	0.50
24.	ATTRACTIVE FEATURES SDN. BHD.	4,000,000	0.50
25.	RHB NOMINEES (TEMPATAN) SDN BHD INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES ACCOUNT FOR CHENG HENG JEM	3,200,000	0.40
26.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR SINGULAR VALUE FUND	2,972,100	0.37
27.	LEE YEW CHEN	2,827,000	0.35
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIM LEONG THUN (E-SS2)	2,500,700	0.31
29.	GAN BOON KHIM	2,000,000	0.25
30.	KOH KIN LIP	2,000,000	0.25
	TOTAL	**710,964,280**	**88.99**

ANALYSIS OF SHAREHOLDINGS

AS AT 29 DECEMBER 2017 (CONT'D)

DISTRIBUTION OF WARRANT 2015/2020 HOLDERS

Size of Warrant 2015/2020 Holdings	No. of Warrant 2015/2020 Holders	%	No. of Warrants 2015/2020	%
1 - 99	52	5.11	2,409	0.00
100 - 1,000	109	10.72	72,598	0.05
1,001 - 10,000	508	49.95	2,186,678	1.38
10,001 - 100,000	268	26.35	9,245,680	5.84
100,001 - 7,917,922(*)	77	7.57	55,811,512	35.24
7,917,923 and Above (**)	3	0.29	91,039,450	57.49
TOTAL:	**1,017**	**100.00**	**158,358,462**	**100.00**

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

THIRTY (30) LARGEST WARRANT 2015/2020 HOLDERS

	Name of Warrant 2015/2020 Holders	No. of Warrants 2015/2020 Held	%
1.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER EQUITY SDN BHD (PB)	45,639,344	28.82
2.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER LEONG YAP (PB)	37,300,106	23.55
3.	RUBY TECHNIQUE SDN BHD	8,100,000	5.11
4.	LAI MING CHUN @ LAI POH LIN	7,785,084	4.92
5.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIM HEUNG	6,333,333	4.00
6.	NG LEE LING	6,333,333	4.00
7.	CIMSEC NOMINEES (TEMPATAN) SDH BHD CIMB BANK FOR TAN TIAN MENG (PBCL-0G0174)	5,547,900	3.50
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER CAPITAL SDN BHD (PB)	3,999,466	2.53
9.	TER CAPITAL SDN. BHD.	1,633,000	1.03
10.	LEE YEW CHEN	1,530,800	0.97
11.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP	1,500,000	0.95
12.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE BOON KEE	1,097,000	0.69
13.	999 RESOURCES SDN BHD	1,000,000	0.63
14.	ATTRACTIVE FEATURES SDN. BHD.	1,000,000	0.63
15.	TEE BOON KEAT	751,100	0.47
16.	MAH HANG SOON	588,000	0.37
17.	COMPLETE BAYVIEW SDN. BHD.	580,000	0.37

THIRTY (30) LARGEST WARRANT 2015/2020 HOLDERS (CONT'D)

Name of Warrant 2015/2020 Holders	No. of Warrants 2015/2020 Held	%
18. UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IMRAN HO BIN ABDULLAH	580,000	0.37
19. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAY HOCK SOON (MY1055)	577,500	0.36
20. LIM SOO LEE	531,000	0.34
21. TAN SENG CHONG @ TAN AH TEE	530,000	0.33
22. LIM CHEE MENG	520,000	0.33
23. MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOR CHING LEE (STF)	500,000	0.32
24. CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE BON KE @ TEE BOO KE (B TINGGI-CL)	478,000	0.30
25. MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TNTT REALTY SDN BHD	451,000	0.28
26. TER HONG CHOOR	450,000	0.28
27. TAN SENG CHONG @ TAN AH TEE	449,900	0.28
28. TAN TIAN YEOW	445,733	0.28
29. CHONG CHIN HUANG	400,000	0.25
30. UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUHARTI BINTI MD SAPIDI	400,000	0.25
TOTAL	137,031,599	86.51

SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	No. of Shares Held			
Name of Shareholders	Direct	%	Indirect	%
1. Ter Equity Sdn Bhd	182,557,376	22.85	-	-
2. Tan Sri Datuk Ter Leong Yap	166,789,972	20.88	299,583,208(1)	37.50
3. Ter Capital Sdn Bhd	111,383,832	13.94	-	-
4. Ruby Technique Sdn Bhd	45,300,000	5.67	-	-
6. CBG Holdings Sdn Bhd	-	-	45,300,000(2)	5.67
7. Farsathy Holdings Sdn Bhd	-	-	45,300,000(2)	5.67
8. Chia Seong Pow	1,200,000	0.15	45,300,000(3)	5.67
9. Chia Song Kun	-	-	49,300,000(4)	6.17
10. Chia Seong Fatt	-	-	46,100,000(5)	5.77

Notes:
(1) Deemed interested by virtue of his interest in Ter Equity Sdn Bhd, Ter Capital Sdn Bhd and THK Capital Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
(2) Deemed interested by virtue of its shareholdings in Ruby Technique Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
(3) Deemed interested by virtue of his shareholdings in Farsathy Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
(4) Deemed interested by virtue of his shareholdings in CBG Holdings Sdn Bhd and Attractive Features Sdn Bhd, being a related company of Ruby Technique Sdn Bhd, pursuant to Section 8 of the Companies Act, 2016.
(5) Deemed interested by virtue of his shareholdings in Farsathy Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 and his spouse's direct interest in the Company.

DIRECTOR'S INTEREST IN SHARES (AS PER THE DIRECTORS' SHAREHOLDINGS)

		No. of Shares Held			
	Directors	Direct	%	Indirect	%
1.	Tan Sri Datuk Ter Leong Yap	166,789,972	20.88	299,583,208*	37.50
2.	Koong Wai Seng	210,000	0.03	-	-
3.	Datin Loa Bee Ha	-	-	14,828,800^	1.86
4.	Tan Pei Geok	1,830,000	0.23	-	-
5.	Dato' Quek Ngee Meng	50,000	0.01	-	-

* Deemed interested by virtue of his interest in Ter Equity Sdn Bhd, Ter Capital Sdn Bhd and THK Capital Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

^ Deemed interested by virtue of the shareholdings held by her spouse, Dato' Tan Tian Meng pursuant to Section 59(11)(C) of the Companies Act, 2016.

DIRECTOR'S INTEREST IN WARRANTS 2015/2020

		No. of Warrants 2015/2020 Held			
	Directors	Direct	%	Indirect	%
1.	Tan Sri Datuk Ter Leong Yap	37,300,106	23.55	51,271,810*	32.38
2.	Koong Wai Seng	-	-	-	-
3.	Datin Loa Bee Ha	-	-	5,547,900^	3.50
4.	Tan Pei Geok	210,000	0.13	-	-
5.	Dato' Quek Ngee Meng	-	-	-	-

* Deemed interested by virtue of his interest in Ter Equity Sdn Bhd, Ter Capital Sdn Bhd and THK Capital Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

^ Deemed interested by virtue of the warrants held by her spouse, Dato' Tan Tian Meng pursuant to Section 59(11)(C) of the Companies Act, 2016.

MESSAGE TO OUR SHAREHOLDERS

Dear Shareholders,

The Notice of Annual General Meeting and Proxy Form will be sent separately to you in due course. Kindly contact any of the following should you require further clarifications:

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SUNSURIA

Building Today Creating Tomorrow

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