



EDEN INC. BERHAD



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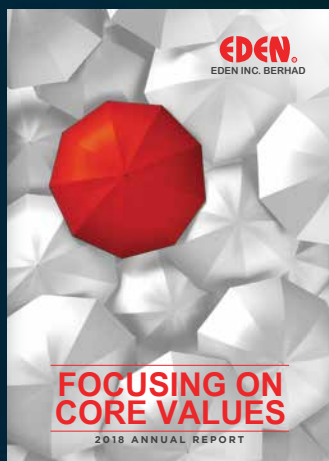
# FOCUSING ON CORE VALUES

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2018 ANNUAL REPORT

# WHAT'S INSIDE

## Cover Rationale



An umbrella is the gizmo used to protect oneself from rain or sun. An umbrella can also be a metaphor for something that brings unity. The picture illustrates the need to focus and unite the team around a core set of ideals, thus, representing the theme 'Focusing on Core Values'.

The expertise and experience of EDEN's staff performance, juxtaposed against the core businesses of Energy, Manufacturing, Food & Beverage and Tourism, embodies the rising structured dynamism of the Group. Strengthening the foundation of its portfolio, the Group is enhancing its market position for the long term.

The value of unity and excellence within the Group also plays an important role and the Group continues to strive with unwavering focus to achieve its goals.

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### ONLINE VERSION

This Annual Report can also be downloaded as a PDF file or viewed in an Interactive format at [www.edenzil.com](http://www.edenzil.com) or by scanning the QR code given with your smart device.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE FORTY-FIRST ANNUAL GENERAL MEETING ("41<sup>st</sup> AGM") of the Company will be held at Banquet Hall, Persatuan Alumni Universiti Malaya (PAUM) Clubhouse, Lot 10476, Jalan Susur Damansara (Jalan Damansara Lama), 50480 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 19 June 2019 at 10:00 a.m. and any adjournment thereof for the following purposes: -

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1)
2. To re-elect the following Directors who are to retire pursuant to Article 95 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
  - (a) Tan Sri Abd Rahim bin Mohamad (Resolution 1)
  - (b) Dato' Mohamed Salleh bin Bajuri (Resolution 2)
  - (c) Datuk Seri Ahmad bin Hj. Kabit (Resolution 3)
3. To re-appoint Messrs. Afrizan Tarmili Khairul Azhar as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 4)

## As Special Business

To consider and if thought fit, with or without any modification, to pass the following Ordinary and Special Resolutions:-

4. **ORDINARY RESOLUTION** (Resolution 5)  
**- PAYMENT OF DIRECTORS' FEES**  
  
"THAT the Directors' Fees amounting to RM250,000.00 (Ringgit Malaysia: Two Hundred and Fifty Thousand) for the financial year ended 31 December 2018, be and is hereby approved for payment."
5. **ORDINARY RESOLUTION** (Resolution 6)  
**- PAYMENT OF BENEFITS PAYABLE TO THE NON-EXECUTIVE DIRECTORS UNDER SECTION 230(1) (b) OF THE COMPANIES ACT 2016**  
  
"THAT the benefits payable to the Non-Executive Directors up to RM80,000.00 (Ringgit Malaysia: Eighty Thousand) for the period from 19 June 2019 until the next Annual General Meeting of the Company pursuant to Section 230(1)(b) of the Companies Act 2016, be and is hereby approved for payment."
6. **ORDINARY RESOLUTION** (Resolution 7)  
**- RETENTION OF THE INDEPENDENT NON-EXECUTIVE DIRECTOR**  
  
"THAT subject to the passing of Resolution 2, Dato' Mohamed Salleh bin Bajuri who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years since 11 April 2002 be and is hereby retained as an Independent Non-Executive Director of the Company."
7. **ORDINARY RESOLUTION** (Resolution 8)  
**- AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016**  
  
"THAT subject to the Companies Act 2016 and the approval of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be allotted does not exceed ten percentum (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors are also empowered to obtain approval for the listing of and quotation for the additional shares to be allotted on Bursa Malaysia Securities Berhad, AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

**8. SPECIAL RESOLUTION**

(Resolution 9)

**- PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY ("PROPOSED ADOPTION")**

"THAT approval be and is hereby given to the Company to revoke the existing Memorandum and Articles of Association ("M&A") of the Company in its entirety and in place thereof, a new Constitution as set out in Appendix I be and is hereby adopted with immediate effect AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient with full powers to assent to any conditions, variations, modifications and/or amendments as may be required by any relevant authorities to give full effect to the foregoing."

9. To transact any other business for which due notice has been given in accordance with the Companies Act 2016 and the Company's Articles of Association.

**BY ORDER OF THE BOARD**

**CHUA SIEW CHUAN (MAICSA 0777689)**

**YEOW SZE MIN (MAICSA 7065735)**

Joint Company Secretaries

Petaling Jaya

Dated: 30 April 2019

**Explanatory Notes to Ordinary and Special Businesses:-**

**1. Audited Financial Statements for the financial year ended 31 December 2018**

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

**2. Resolution 5 - Payment of Directors' fees**

This Agenda item is to approve the proposed Directors' fees for the financial year ended 31 December 2018 of RM250,000.00 (2018: RM280,000/-).

The Resolution 5, if approved, will authorise the payment of the Directors' Fees pursuant to Article 105 of the Articles of Association of the Company.

**3. Resolution 6 - Directors' benefits payable to Non-Executive Directors**

The benefits payable to the Non-Executive Directors pursuant to Section 230(1)(b) of the Companies Act 2016 has been reviewed by the Nomination and Remuneration Committee ("NRC") and the Board of Directors of the Company, which recognises that the benefits payable is in the best interest of the Company for the applicable period of between 19 June 2019 to the next Annual General Meeting of the Company.

The total estimated amount of the Directors' benefits payable is calculated based on the number of the Board of Directors' and Board Committees' meetings scheduled to be held in the financial year ending 31 December 2019 and until the next Annual General Meeting and other benefits. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

**4. Resolution 7 - Retention of the Independent Non-Executive Director**

The Board of Directors has vide the NRC conducted an annual performance evaluation and assessment of Dato' Mohamed Salleh bin Bajuri ("Dato' Salleh"), who has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years, and recommended him to continue in office as an Independent Non-Executive Director based on the following justifications:-

- (a) Dato' Salleh has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and is therefore able to bring independent and objective judgement to the Board;
- (b) Dato' Salleh has been with the Company for seventeen (17) years as at the date of the notice of the 41<sup>st</sup> AGM and therefore understands the Company's business operations, which enables him to participate actively and contribute during deliberations/discussions at the Audit and Risk Committee ("ARC"), NRC and Board of Directors' Meetings;
- (c) Dato' Salleh has contributed sufficient time and efforts in his capacity as the Senior Independent Non-Executive Director, the Chairman of the ARC and the member of the NRC. He has attended all the meetings of the ARC, NRC as well as the Board of Directors for informed and balanced decision making;

## NOTICE OF ANNUAL GENERAL MEETING

- (d) Dato' Salleh has exercised due care during his tenure as an Independent Non-Executive Director and carried out his professional duty in the interest of the Company and shareholders;
- (e) Dato' Salleh has not entered into any contract or transaction with the Company and/or its subsidiaries within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the Bursa Securities' MMLR;
- (f) Dato' Salleh has not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of himself to carry out his duties as an Independent Non-Executive Director; and
- (g) Dato' Salleh does not derive any remuneration and benefits apart from Directors' fees and meeting allowances.

The Board upon the recommendation from the NRC of the Company, therefore, considers Dato' Salleh to be independent and recommends him to remain as a Senior Independent Non-Executive Director subject to the approval from the shareholders of the Company through a two-tier voting process pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017.

### 5. Resolution 8 - Authority to issue shares pursuant to the Companies Act 2016

The Company wishes to renew the mandate on the authority to issue shares pursuant to the Companies Act 2016 at the 41<sup>st</sup> AGM of the Company ("**General Mandate**").

The Company had been granted a General Mandate by its shareholders at the Fortieth Annual General Meeting of the Company held on 6 June 2018 ("**Previous Mandate**").

As at the date of this notice, the Previous Mandate granted by the shareholders has not been utilised and hence no proceeds were raised therefrom.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

### 6. Resolution 9 - Proposed Adoption of the New Constitution of the Company

The Resolution 9 is undertaken primarily to streamline the existing M&A of the Company with the Companies Act 2016, which was effected on 31 January 2017. Also, to align the existing M&A with the Bursa Securities' MMLR and to provide clarity to certain provision thereof and to render consistency throughout in order to facilitate and further enhance administrative efficiency.

Further information on the Resolution 9 is set out in the Appendix I.

### Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 12 June 2019 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and vote at the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint up to two (2) proxies at the Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or signed by an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialed.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
6. The instrument appointing a proxy must be deposited at the office of Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.
7. Any Notice of Termination of Authority to act as Proxy must be received by the Company before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-
  - (a) the constitution of the quorum at such meeting;
  - (b) the validity of anything he did as chairman of such meeting;
  - (c) the validity of a poll demanded by him at such meeting; or
  - (d) the validity of the vote exercised by him at such meeting.

# CORPORATE VISION, MISSION AND VALUES

## VISION

To be a successful organization that is attractive for people to be proudly working for, and to deal and associate with.



## MISSION

We strive to provide added value to our stakeholders through steady growth and profitability of the businesses we are in, and through the principles of integrity and excellence that we embrace.

## VALUES



### EXCELLENCE

Striving with passion for high quality and world class performance.



### INTEGRITY

Honest and accountable to ourselves and others.



### TEAMWORK

The team is bigger than individuals.



### COMMITMENT

Prepared to go the extra mile.



### SOCIAL RESPONSIBILITY

Good citizens who give back to the society.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Tan Sri Abd Rahim Bin Mohamad**  
(Executive Chairman)

**Puan Sri Fadzilah Binti Md Ariff**  
(Executive Director)

**Dato' Mohamed Salleh Bin Bajuri**  
(Senior Independent Non-Executive Director)

**Dato' Anuarudin Bin Mohd Noor**  
(Independent Non-Executive Director)

**Datuk Seri Ahmad Bin Hj Kabit**  
(Independent Non-Executive Director)

**Dato' Abdullah Bin A. Rasol**  
(Executive Director, Corporate Affairs)

**Dato' Nik Mohd Fuad Bin Wan Abdullah**  
(Executive Director, Energy Sector)

## AUDIT AND RISK COMMITTEE

Dato' Mohamed Salleh Bin Bajuri  
(Chairman)  
Dato' Anuarudin Bin Mohd Noor  
Datuk Seri Ahmad Bin Hj Kabit

## NOMINATION & REMUNERATION COMMITTEE

Dato' Anuarudin Bin Mohd Noor  
(Chairman)  
Dato' Mohamed Salleh Bin Bajuri

## REGISTERED OFFICE AND CORPORATE OFFICE

15th Floor, Amcorp Tower  
Amcorp Trade Centre  
18, Jalan Persiaran Barat, Off Jalan Timur  
46050 Petaling Jaya, Selangor  
Tel No: (603) 7957 7781  
Fax No: (603) 7957 4793  
Website: [www.edenzil.com](http://www.edenzil.com)

## SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.  
(36869-T)  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur

Tel No: (603) 2084 9000  
Fax No: (603) 2094 9940

## AUDITORS

Afrizan Tarmili Khairul Azhar (AF1300)  
2, Jalan Rampai Niaga 2  
Rampai Business Park  
53300 Kuala Lumpur

Tel No: (603) 4143 9330  
Fax No: (603) 4142 9330

## COMPANY SECRETARY

Ms. Chua Siew Chuan (MAICSA 0777689)  
Ms. Yeow Sze Min (MAICSA 7065735)

## PRINCIPAL BANKERS

RHB Islamic Bank Berhad  
Malayan Banking Berhad  
CIMB Islamic Bank Berhad

## STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad  
Stock Code – 7471

# CORPORATE STRUCTURE

The EDEN Group is organised into business units based on their products and services and has operating sectors as follows:



## ENERGY

The Energy Sector is the major growth engine for the Group and operates power plants as independent power producers. The Libaran Plant is a 60MW thermal power plant in Sandakan, Sabah whereas the Sungai Kenerong Plant is a 20MW hydroelectric power plant in Kuala Krai, Kelantan. The sector has a proven track record in developing, operating and maintaining the current plants which are operated under the following subsidiaries:

Stratavest Sdn. Bhd. (360701-W)	100%
Langkawi Batik Enterprises Sdn. Bhd. (274392-A)	100%
- Musteq Hydro Sdn. Bhd. (231476-A)	100%



## FOOD & BEVERAGE AND TOURISM

Underwater World Langkawi Sdn. Bhd. is the main driver of this sector and is a 'must see' tourist attraction in Langkawi. Underwater World Langkawi Sdn. Bhd. has become known for its research and development of marine wildlife and penguin husbandry. The hallmarks of EDEN's Food and Beverage has always been the excellent food, courteous service and good value for money specializing in Western, Oriental and Malay Cuisines.

Underwater World Langkawi Sdn. Bhd. (273852-K)	100%
Eden Seafood Village (Langkawi) Sdn. Bhd. (274396-T)	100%
Eden Catering Sdn. Bhd. (76000-T)	100%



## MANUFACTURING

Time Era Sdn. Bhd. and its group of companies is located in Kajang Technology Park and is a leading producer and manufacturer of low voltage switchgears and electrical components.

Time Era Sdn. Bhd. (190545-H)	70%
- NES Electric (M) Sdn. Bhd. (83684-A)	70%
- Cur (Far East) Sdn. Bhd. (116267-T)	53%
- Time Era Technologies Sdn. Bhd. (416310-M)	50%



# DIRECTORS' PROFILE

## TAN SRI ABD RAHIM BIN MOHAMAD

Executive Chairman

Malaysian • Aged 70 • Male

Date of Appointment as Director of EDEN : 18 October 2002  
Board Meeting Attendance in 2018 : Seven out of seven (7/7)  
Board Committee : Nil

### Qualifications

Tan Sri Abd Rahim Bin Mohamad graduated from the University of Malaya with B.A. (Hons) and went on to do his Advanced Diploma in Economics at the University of Manchester. He has earned a Master in Business Administration in Finance from Morehead State University, Kentucky. He later attended Wharton's Advance Management Course for Overseas Bankers.

### Work Experience/Occupation

Tan Sri Abd Rahim Bin Mohamad has extensive experience in various government ministries. As an Administrative and Diplomatic Service Officer, he served in various capacities in the Prime Minister's Department, Ministry of Finance, Ministry of Primary Industries and Ministry of Culture, Youth & Sports from 1973 to 1984. He left the public sector in 1984 to join Amanah Merchant Bank Berhad. Subsequently, he went to serve in Shapadu Group, Maju Holdings, Pasdec Holdings Berhad and Far East Holdings Berhad. After gaining experience in the public and private sector, he set up Zil Enterprise Sdn. Bhd. in 1992. Zil Enterprise Sdn. Bhd. became the holding company of EDEN in 2002. Tan Sri Abdul Rahim Bin Mohamad was appointed to the board of EDEN on the 18<sup>th</sup> October 2002 and is currently the Executive Chairman of EDEN.

**Directorship in Other Public or Listed Companies**  
Nil

#### Family Relationship with Director and/or Major Shareholder

Tan Sri is the spouse of Puan Sri Fadzilah binti Md Ariff who is the Executive Director of EDEN. Tan Sri does not at present hold any shares in EDEN but is a major shareholder of the Company by virtue of his direct interest of more than 20% equity interest in Zil Enterprise Sdn. Bhd. and his direct interest of more than 20% equity interest in Serve Vest (M) Sdn. Bhd. which in turn holds shares in Serata Padu Sdn. Bhd. and by virtue of his daughter, Fara Nadia binti Abd Rahim's shareholding in EDEN.

#### Conflict of interests

Tan Sri does not have any conflict of interest with EDEN.

#### Conviction of Offences (other than traffic offences)

Tan Sri has not been convicted of any offences within the past five (5) years.

## PUAN SRI FADZILAH BINTI MD ARIFF

Executive Director

Malaysian • Aged 66 • Female

Date of Appointment as Director of EDEN : 18 October 2002  
Board Meeting Attendance in 2018 : Five out of seven (5/7)  
Board Committee : Nil

### Qualifications

Puan Sri Fadzilah Binti Md Ariff graduated with an Honours Degree in English from the University of Malaya and went on to complete her Masters in Language and Linguistics at the University of York, England.

### Work Experience/Occupation

Puan Sri Fadzilah Binti Md Ariff was a lecturer at the University of Teknologi Malaysia and later the University of Malaya prior to joining Zil Enterprise Sdn. Bhd. as its Managing Director in 1992. Puan Sri Fadzilah Binti Md Ariff was appointed to the board of EDEN on the 18<sup>th</sup> October 2002 and is currently the Executive Director overseeing the human capital development of EDEN.

**Directorship in Other Public or Listed Companies**  
Nil

#### Family Relationship with Director and/or Major Shareholder

Puan Sri is the spouse of Tan Sri Abd Rahim bin Mohamad who is the Executive Chairman of EDEN.

#### Conflict of interests

Puan Sri does not have any conflict of interest with EDEN.

#### Conviction of Offences (other than traffic offences)

Puan Sri has not been convicted of any offences within the past five (5) years.

**DATO' MOHAMED SALLEH BIN BAJURI**

Senior Independent Non-Executive Director  
Malaysian • Aged 68 • Male

Date of Appointment as Director of EDEN : 11 April 2002  
Board Meeting Attendance in 2018 : Seven out of seven (7/7)  
Board Committee : • Audit and Risk Committee (Chairman)  
• Nomination and Remuneration Committee (Member)

**Qualifications**

Dato' Mohamed Salleh Bin Bajuri is a Chartered Accountant from Ireland and a member of Malaysian Institute of Accountants (MIA).

**Work Experience/Occupation**

Dato' Mohamed Salleh Bin Bajuri was a Senior Auditor at Messrs. Peat Marwick & Co before he joined Maybank Finance Berhad as a Manager in 1979 and was later promoted in 1984 as General Manager. Dato' served as a General Manager at Malayan Banking Berhad from 1988 to 1992. Dato' subsequently joined JB Securities Sdn. Bhd. as Managing Director and joined CRSC Holdings Berhad in 1995 as the Executive Director.

Between 1982 and 1987, Dato' was the Alternate Chairman of the Association of Finance Companies in Malaysia ("AFCM") and was the Chairman of AFCM Committees for Education and Public Relations. Dato' holds directorship in Saham Sabah Berhad from 1997 to 1999 and was one of the trustees for Yayasan Kebajikan SDARA and Tabung Anak-anak Melayu Pontian Sdn. Bhd. He was also the Chairman of Agro Bank Malaysia (formerly known as Bank Pertanian Malaysia Berhad) from 2008 to 2010.

**Directorship in Other Public or Listed Companies**

1. SAM Engineering & Equipment (M) Berhad
2. Milux Corporation Berhad
3. Asian Pac Holdings Berhad
4. CRSC Holdings Berhad

**Family Relationship with Director and/or Major Shareholder**

Dato' does not have any family relationship with any Director or major shareholder in Eden.

**Conflict of interests**

Dato' does not have any conflict of interest with EDEN.

**Conviction of Offences (other than traffic offences)**

Dato' has not been convicted of any offences within the past five (5) years.

**DATO' ANUARUDIN BIN MOHD NOOR**

Independent Non-Executive Director  
Malaysian • Aged 71 • Male

Date of Appointment as Director of EDEN : 1 March 2013  
Board Meeting Attendance in 2018 : Seven out of seven (7/7)  
Board Committee : • Nomination and Remuneration Committee (Chairman)  
• Audit and Risk Committee (Member)

**Qualifications**

Dato' Anuarudin Bin Mohd Noor graduated from the University Technology MARA with a Professional Certificate from the Association of Chartered Certified Accountants (ACCA), United Kingdom in 1970. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA).

**Work Experience/Occupation**

Dato' Anuarudin Bin Mohd Noor began his career in the Energy/Utility sector at Tenaga Nasional Berhad ("TNB") as an Accountant in 1972. During his tenure with TNB, Dato' had gathered vast knowledge and experience in Corporate Finance, Auditing, Corporate Reporting and Business Development.

In addition, Dato' had contributed significantly to TNB's business investments particularly when he was responsible for TNB's business ventures when he held the position as the Head of Corporate Finance and New Business.

Dato' has over thirty-two (32) years working experience at the senior management level at TNB. Dato' was also among others, the Chairman of Fibrecomm Network (M) Sdn. Bhd. and Jana Landfill Sdn. Bhd., which are the subsidiaries of TNB. Dato' was also appointed as a director in numerous subsidiaries of TNB such as TNB Coal Sdn. Bhd., TNB Transmission Network Sdn. Bhd. and Tenaga Cable Industries Sdn. Bhd. His vast experience in the Energy/Utility and Financing, including the direct tapping of the American capital market had led to his involvement in countless corporate ventures.

**Directorship in Other Public or Listed Companies**

Nil

**Family Relationship with Director and/or Major Shareholder**

Dato' does not have any family relationship with any Director or major shareholder in EDEN.

**Conflict of interest**

Dato' does not have any conflict of interest with EDEN.

**Conviction of Offences (other than traffic offences)**

Dato' has not been convicted of any offences within the past five (5) years.

## DATUK SERI AHMAD BIN HJ. KABIT

Independent Non-Executive Director  
Malaysian • Aged 66 • Male

Date of Appointment as Director of EDEN  
• 27 May 2013

Board Meeting Attendance in 2018

• Seven out of seven (7/7)

Board Committee

• Audit and Risk Committee (Member)

### Qualifications

Datuk Seri Ahmad Bin Hj. Kabit graduated from the University of Malaya in Bachelor of Arts and also holds a Master of Public Administration from the University of Southern California, Los Angeles, United States of America. Datuk Seri also completed the Oxford Management Programme, Templeton College, University of Oxford (United Kingdom) in 2005.

### Work Experience/Occupation

Datuk Seri Ahmad Bin Hj. Kabit has extensive experience in various government ministries. Datuk Seri was an Administrative and Diplomatic Officer with various governmental authorities from 1976 to 2012, namely the Ministry of International Trade and Industry, Public Service Department, the Ministry of Information, the Department of Road Transport Selangor, the Ampang Jaya Municipal Council, the Ministry of Health and the Ministry of Housing and Local Government.

Directorship in Other Public or Listed Companies  
Nil

Family Relationship with Director and/or Major Shareholder

Datuk Seri does not have any family relationship with any Director or major shareholder in EDEN.

Conflict of interest

Datuk Seri does not have any conflict of interest with EDEN.

Conviction of Offences (other than traffic offences)

Datuk Seri has not been convicted of any offences within the past five (5) years.

## DATO' ABDULLAH BIN A. RASOL

Executive Director, Corporate Affairs  
Malaysian • Aged 69 • Male

Date of Appointment as Director of EDEN  
• 1 March 2014

Board Meeting Attendance in 2018

• Six out of seven (6/7)

Board Committee :

• NIL

### Qualifications

Dato' Abdullah Bin A. Rasol is a Fellow of the Chartered Association of Certified Accountants FCCA (UK) and is a Chartered Accountant (Malaysia).

### Work Experience/Occupation

Dato' Abdullah Bin A. Rasol started his professional career in 1973 with Coopers & Lybrand. His progress up the corporate ladder over a period of 28 years began during his tenure with several companies under Amanah Capital Berhad including his stint at Amanah Chase Merchant Bank. He left his post as Executive Director/Chief Executive Officer of Amanah General Insurance Berhad in November 2002 to join EDEN. Dato' Abdullah Bin A. Rasol was appointed to the board of EDEN on the 1<sup>st</sup> March 2014 and currently holds the position as the Executive Director, Corporate Affairs.

Directorship in Other Public or Listed Companies  
Nil

Family Relationship with Director and/or Major Shareholder

Dato' does not have any family relationship with any Director or major shareholder in EDEN.

Conflict of interests

Dato' does not have any conflict of interest with EDEN.

Conviction of Offences (other than traffic offences)

Dato' has not been convicted of any offences within the past five (5) years.

## DATO' NIK MOHD FUAD BIN WAN ABDULLAH

Executive Director, Energy Sector  
Malaysian • Aged 53 • Male

Date of Appointment as Director of EDEN  
• 1 March 2014

Board Meeting Attendance in 2018

• Seven out of seven (7/7)

Board Committee

• Nil

### Qualifications

Dato' Nik Mohd Fuad Bin Wan Abdullah is a Chartered Accountant of the Malaysian Institute of Accountants and a CPA of CPA Australia. He graduated with a Bachelor of Commerce from the Australian National University.

### Work Experience/Occupation

Dato' Nik Mohd Fuad Bin Wan Abdullah started his career as an auditor with Ernst & Young for four (4) years prior to joining Zil Enterprise Sdn. Bhd. in 1992 as Finance Manager. In line with the corporate exercise in 2002 involving Zil Enterprise Sdn. Bhd. and EDEN, he was absorbed into EDEN as the Director of Finance. Dato' Nik Mohd Fuad Bin Wan Abdullah was appointed to the board of EDEN on the 1<sup>st</sup> March 2014 and currently holds the position as the Executive Director, Energy Sector.

Directorship in Other Public or Listed Companies  
Nil

Family Relationship with Director and/or Major Shareholder

Dato' does not have any family relationship with any Director or major shareholder.

Conflict of interests

Dato' does not have any conflict of interest with EDEN.

Conviction of Offences (other than traffic offences)

Dato' has not been convicted of any offences within the past five (5) years.

# MANAGEMENT TEAM

## Tan Sri Abd Rahim Bin Mohamad

Executive  
Chairman

Tan Sri Abd Rahim Bin Mohamad, (Malaysian, aged 70, male), graduated from the University of Malaya with B.A. (Hons) and went on to do his Advanced Diploma in Economics at the University of Manchester. He has earned a Master in Business Administration in Finance from Morehead State University, Kentucky. He later attended Wharton's Advance Management Course for Overseas Bankers.

Tan Sri Abd Rahim Bin Mohamad has extensive experience in various government ministries. As an Administrative and Diplomatic Service Officer, he served in various capacities in the Prime Minister's Department, Ministry of Finance, Ministry of Primary Industries and Ministry of Culture, Youth & Sports from 1973 to 1984. He left the public sector in 1984 to join Amanah Merchant Bank Berhad. Subsequently, he went to serve in Shapadu Group, Maju Holdings, Pasdec Holdings Berhad and Far East Holdings Berhad. After gaining experience in the public and private sector, he set up Zil Enterprise Sdn. Bhd. in 1992. Zil Enterprise Sdn. Bhd. became the holding company of EDEN in 2002. Tan Sri Abdul Rahim Bin Mohamad was appointed to the board of EDEN on the 18<sup>th</sup> October 2002 and is currently the Executive Chairman of EDEN.

## Puan Sri Fadzilah Binti Md Ariff

Executive  
Director

Puan Sri Fadzilah Binti Md Ariff, (Malaysian, aged 66, female), graduated with an Honours Degree in English from the University of Malaya and went on to complete her Masters in Language and Linguistics at the University of York, England. She was a lecturer at the University of Teknologi Malaysia and later the University of Malaya prior to joining Zil Enterprise Sdn. Bhd. as its Managing Director in 1992. Puan Sri Fadzilah Binti Md Ariff was appointed to the board of EDEN on the 18<sup>th</sup> October 2002 and is currently the Executive Director overseeing the human capital development of EDEN.

## Dato' Abdullah Bin A. Rasol

Executive Director,  
Corporate Affairs

Dato' Abdullah Bin A. Rasol, (Malaysian, aged 69, male), is a Fellow of the Chartered Association of Certified Accountants FCCA (UK) and is a Chartered Accountant (Malaysia). He started his professional career in 1973 with Coopers & Lybrand. His progress up the corporate ladder over a period of 28 years began during his tenure with several companies under Amanah Capital Berhad including his stint at Amanah Chase Merchant Bank. He left his post as Executive Director/Chief Executive Officer of Amanah General Insurance Berhad in November 2002 to join EDEN. Dato' Abdullah Bin A. Rasol was appointed to the board of EDEN on the 1<sup>st</sup> March 2014 and currently holds the position as the Executive Director, Corporate Affairs.

## Dato' Nik Mohd Fuad Bin Wan Abdullah

Executive Director,  
Energy Sector

Dato' Nik Mohd Fuad Bin Wan Abdullah, (Malaysian, aged 53, male), is a Chartered Accountant of the Malaysian Institute of Accountants and a CPA of CPA Australia. He graduated with a Bachelor of Commerce from the Australian National University. He started his career as an auditor with Ernst & Young for four (4) years prior to joining Zil Enterprise Sdn. Bhd. in 1992 as Finance Manager. In line with the corporate exercise in 2002 involving Zil Enterprise Sdn. Bhd. and EDEN, he was absorbed into EDEN as the Director of Finance. Dato' Nik Mohd Fuad Bin Wan Abdullah was appointed to the board of EDEN on the 1<sup>st</sup> March 2014 and currently holds the position as the Executive Director, Energy Sector.

### **Fara Nadia Binti Abd Rahim**

Chief Operating  
Officer

Fara Nadia Binti Abd Rahim, (Malaysian, aged 42, female), graduated from King's College of London with First Class Honours in Electronic Engineering in 2002. Prior to joining EDEN, she was attached to Time Era Sdn. Bhd., involved in manufacturing of electrical and electronic components. She joined EDEN as the Manager of Operations in 2002 and held several positions within EDEN prior to assuming the post as the General Manager of Group Finance and Business Development until 2012. She completed her Master of Business Administration from Monash University in Melbourne in 2014 before returning to EDEN assuming the role of Chief Operating Officer at the 5<sup>th</sup> January 2015. She is the daughter of Tan Sri Abd Rahim Bin Mohamad and Puan Sri Fadzilah Binti Md Ariff who are members of the EDEN Board.

### **Ting Kam Cheong**

Chief Executive  
Officer,  
Manufacturing  
Sector

Ting Kam Cheong, (Malaysian, aged 67, male), graduated from Bradford University, United Kingdom. He holds an Honours Degree in Electrical & Electronic Engineering and a Master in Business Administration. He has more than five (5) years of experience in Corporate Finance in public companies and more than twenty (20) years of experience in the electrical field. He is the founder member of Time Era Sdn. Bhd. and has served as its Chief Executive Officer since its inception. Time Era Sdn. Bhd. became a subsidiary of EDEN on 4<sup>th</sup> October 2002 where he had retained his role in Time Era Sdn. Bhd.

### **Abdul Rafee Bin Othman**

Group Financial  
Controller

Abdul Rafee Bin Othman, (Malaysian, aged 59, male), graduated with an Honours Degree in Accounting from University Kebangsaan Malaysia. He started his career as a Credit and Marketing Officer in MIDF Group and has fifteen (15) years of experience in the banking industry. He was later transferred to the insurance sector as the Senior Manager, Task Force Unit. Prior to joining EDEN, he was the Assistant General Manager of Amanah General Asset Berhad. Abdul Rafee Bin Othman joined EDEN on the 21<sup>st</sup> October 2004 and is currently the Group Financial Controller overseeing the treasury and financial requirements of the EDEN Group.

### **Abdul Razak Bin A. Aziz**

General Manager,  
Underwater World  
Langkawi

Abdul Razak Bin A. Aziz, (Malaysian, aged 60, male), holds an LLB (Hons) in Business Law (City), London. He has considerable experience in property development, having been involved in the property development of Bandar Sri Damansara and Bandar Manjalara while working with Land & General Berhad and the SPK Group in the 1990s. He had also previously served in the legal and secretarial division of the Pahang Government's group of companies and several public listed companies. Prior to joining EDEN in 2013, he was a partner of a corporate advisory services firm in Kuala Lumpur. Abdul Razak Bin A. Aziz is currently the General Manager of Underwater World Langkawi Sdn. Bhd., and has held that position since 1<sup>st</sup> March 2016.



**Noordini Binti  
Mohd Ariff**

Senior Manager,  
Human Resource  
and Administration

Noordini Binti Mohd Ariff, (Malaysian, aged 55, female), had studied and worked in Lahore, Pakistan and Staffordshire, England in the health sector. She joining EDEN in 2003 as an Operations Executive and has served the company in various capacities holding posts within the Food and Beverage and Tourism Sector. She subsequently moved to the head office overseeing the Central procurement division, and then assumed the position as the Senior Manager, Group Human Resource and Administration Department and has held that position since 28<sup>th</sup> September 2017. She is the sister of Puan Sri Fadzilah Binti Md Ariff who is a member of the EDEN Board.

**Aznisyam  
Bin Taib**

Senior Manager,  
Group Finance

Aznisyam Bin Taib, (Malaysian, aged 41, male), is a member of the Malaysian Institute of Accountants. He graduated from Mara University of Technology (UiTM) with Bachelor (Hons) in Accountancy. He began his career with Metas Management and later joined EDEN in 2005 as an Accounts Executive in the Energy Sector, where he was subsequently transferred to the Group Finance Division. He has served the company in various capacities for the last fourteen (14) years. Aznisyam Bin Taib currently holds the position as the Senior Manager, Group Finance Department and has held that position since 16<sup>th</sup> July 2012.

**Norashikin  
Binti  
Amirruddin**

Manager, Legal &  
Secretarial

Norashikin binti Amirruddin, (Malaysian, aged 34, female), graduated in 2010 from the International Islamic University Malaysia ("IIUM") in Bachelor of Laws (Hons.). Upon her graduation, she immediately commenced her pupillage and subsequently practised at an established law firm in Selangor, handling general litigation matters after she was called to the Malaysian Bar on 3<sup>rd</sup> December 2010. She holds a Diploma in Shariah Law & Legal Practice from the IIUM. After committing herself as litigant, she gained work experience in other companies prior to joining EDEN on the 2<sup>nd</sup> April 2018 and assuming the role of Manager of the Legal & Secretarial Department. She is responsible to provide guidance to ensure that all regulatory and compliance matters of EDEN are adhered to.

All the members of the Management Team do not have any conflict of interest with EDEN nor have they been convicted of any offences (other than traffic offences) within the past five (5) years.

# CHAIRMAN'S STATEMENT

## DEAR SHAREHOLDERS,

On behalf of the Board of Directors ("**Board**"), I am pleased to present to you the Annual Report and Audited Financial Statements of Eden Inc. Berhad ("**Eden**" or the "**Company**") and its group of companies ("**Group**") for the financial year ended 31 December 2018 ("**FY 2018**").

## OVERVIEW

Malaysia's Gross Domestic Product ("**GDP**") in 2018 was 4.7%, a deceleration from the 5.9% registered in 2017. Following the much awaited General Elections in May 2018, the new administration introduced new tax reforms such as the abolishment of the Goods and Service Tax ("**GST**") and the introduction of the Sales and Service Tax ("**SST**"). Despite the reintroduction of the SST, the Consumer Sentiment Index remained above the 100 threshold reflecting a boost in consumer sentiment by the change of administration. Oil prices climbed steadily during the year but fell sharply in the last quarter amid concerns of over-supply. Malaysian tourism has had it tough for the past four years after the twin tragedies of MH370 and MH17 which saw a decline in the tourist from China and have yet to recover to the same level of tourist arrivals since then. Despite the target of 26.4 million tourist arrivals for 2018, only 25.8 million was registered.

Against these backdrop and having to operate in a challenging business environment, the Group had substantially increased its revenue and reduced its losses. The Group registered revenue of RM63.02 million in FY 2018 compared to revenue of RM53.20 million in financial year ended 31 December 2017 ("**FY 2017**"). The Loss Before Tax ("**LBT**") reduced by 21.70% registering RM10.12 million compared to RM12.92 million in the previous year. The Loss After Tax ("**LAT**") was RM9.03 million for the financial year under review compared to the LAT of RM18.56 million in FY 2017.



## ENERGY

The results of the Energy Sector's efforts in recommissioning both power plants have borne fruits with the Energy Sector registering substantial increase in revenue and reduction in losses. The increase in revenue was mainly contributed by the continuous running of the Libaran Plant, a 60 Megawatt ("MW") thermal plant in Sandakan, Sabah and the Sungai Kenerong Plant, a 20 MW hydroelectric power plant located in Kuala Krai, Kelantan.

For the Sungai Kenerong Plant, ongoing works are being carried out for the replacement, restoration, overhaul and maintenance works especially since the plant has entered its 19th year of operations. The sector has embarked on measures to ensure that the Sungai Kenerong Plant can have continuous flow of water to mitigate the drought season. In addition, after the unprecedented floods of 2014, continuous planting along the slopes and civil works are being carried out for flood mitigation. The Sungai Kenerong plant increased its capacity load factor from 11% in FY 2017 to 45% in 2018 where its capacity load factor is expected to be on an increasing trend.



The Libaran Plant's concession expires in 2019. The renewal of the concession or the proposed extension of the existing concession of the plant is subject to the Sabah Electricity Sdn. Bhd.'s approval and other relevant authorities. The Company is confident that the Libaran Plant can continue to support the energy requirements of Sabah taking into account the consumer demand in the East Coast of Sabah.



## FOOD AND BEVERAGE ("F&B") AND TOURISM

The Tourism segment continues to be the main driver for the F&B and Tourism Sector as well as the Group for FY 2018. The increase in revenue was due to the increase in the average revenue per visitor as Underwater World Langkawi Sdn. Bhd. ("UWL") continues to be one of the main tourist attractions in Langkawi.

In addition to UWL being one of the main tourist destinations in Langkawi, UWL continuously establishes itself as a research and development centre in penguin and animal husbandry. The penguin breeding programme has also resulted in more than ninety (90) penguins being hatched at the facility to date. Exchange programmes are carried out to ensure that the animals are placed in the most conducive environments. The facility is currently undergoing renovation and upgrading works of the exhibit as well as the retail areas to be able to provide the visitors with new attractions and a greater retail experience.

## MANUFACTURING

The Manufacturing Sector's switchgear business was continuously affected by the challenging business environment that it operates in. Hence, the sector is undergoing a rationalisation exercise to scale down the switchgear business and to concentrate on its Light Emitting Diode ("LED") business segment.

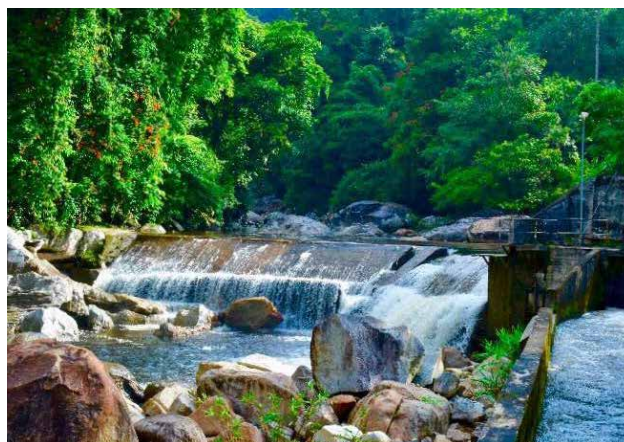




### PROSPECTS

The Malaysian economy is expected to expand by 4.3% to 4.8% in 2019 supported by firm private sector activity and recovery in commodity sectors. After the change in the Government administration in May 2018, the Government targets to increase the country's share of Renewable Energy ("RE") generation to approximately 20% by 2030 and this will provide an avenue for the Group to participate in tenders to capitalise on the Group's expertise in RE.

The Group expects the financial performance of the Group to significantly improve with the continuous operations of both power plants and the improvement on the reliability of the power plants' generation. The Energy Sector will continue implementing its strategies to minimise the incidence of unplanned outages.



The Libaran Plant is expected to remain relevant in the industry as the demand for the East Coast remains a priority to enable less dependency on the supply of electricity from the West Coast of Sabah whereas the Sungai Kenerong plant will continue to operate efficiently with minimal outages for the year to ensure its profitability.

The tourist arrivals to Malaysia is projected to increase to 28.1 million in 2019 from 25.8 million visitors in 2018. This should augur well for tourism in Langkawi and in turn for the aquarium managed by the Group. The completed upgrading and refurbishment for aquarium in 2018 will provide greater visitor experience through the new attractions as well as realigned retail spaces. The tourism segment will continue to be profitable in 2019. The F&B segment will continue its strategies in expanding its products and strengthening its presence within the central and northern region by strategic partnerships with the convention centres and event spaces.

Due to the smaller margins envisaged in the future for its low voltage switchgear products, the Manufacturing Sector is currently in the midst of aligning its switchgear business to be able to concentrate on the development and expansion of its LED street light business locally.

The Group expects 2019 to be a better year.

### ACKNOWLEDGEMENT

In this challenging year, I have been privileged to work together with the subsidiaries in the recommissioning of the power plants, primarily the Sungai Kenerong Plant. The tenacity and determination of the management, staff and our contractors have been the driving force in ensuring that both the plants are recommissioned. My heartfelt gratitude is extended to all the Eden management and staff who have worked tirelessly, with tenacity and drive in this challenging year. To the Board, I cannot thank them enough for their invaluable counsel and support. As always, we are grateful to our stakeholders; our shareholders, customers, business associates, vendors, relevant authorities and bankers who have supported us through these years, through these challenging times, thank you for all the support that you have given to the Group and may we all look forward to a better year ahead.

**Tan Sri Abd Rahim Mohamad**  
Executive Chairman

# MANAGEMENT DISCUSSION AND ANALYSIS

## INTRODUCTION

The principal activities of Eden Inc. Berhad (“**Eden**” or “**the Company**”) are those of an investment and management company. The Company is listed in the Main Market of Bursa Malaysia Securities Berhad (“**Bursa**”) under the Utilities sector, with a sub sector under Electricity. Eden and its group of companies (“**the Group**”) is a diversified entity with three (3) main operating segments, classified under the Energy, Food and Beverage (“**F&B**”) and Tourism and the Manufacturing sectors. All its operations are located within Malaysia.

The Energy Sector operates power plants as an independent power producer (“**IPP**”) in Kelantan (Sungai Kenerong Plant) and in Sabah (Libaran Plant). The Sungai Kenerong plant is a 20 Megawatt (MW) run of the river hydroelectric power plant and supplies exclusively to Tenaga Nasional Berhad (“**TNB**”). The Libaran Plant is a thermal power plant with a net capacity of 60 MW and is connected to Sabah's east coast power grid line, which transmits electricity to the districts of Sandakan, Tawau, Lahad Datu and Kinabatangan.

Under the umbrella of the F&B and Tourism Sector are the catering and restaurant segment as well as the operations of an aquarium and its related activities. Their business activities are concentrated within the northern and central region of peninsular Malaysia. The aquarium which is located in Langkawi is a must see tourist attraction comprising marine and penguin exhibits and retail spaces. The aquarium has strengthen its foothold in the research and development of breeding penguins with more than ninety (90) penguins hatched since the research and development programme commenced.

The Manufacturing Sector of the Group manufactures and trades low voltage switchgear items as well as energy efficient products namely the Light Emitting Diode (“**LED**”) lighting. Its factory is located in Kajang, Selangor. Its market segment is primarily focused on local sales via its vast distribution network.

## OBJECTIVES AND STRATEGIES

The Group segregates the business operations into businesses that will provide short to medium term earnings and those that will provide long term earnings. The strategies of the Group is aligned to the five pillars that would enhance shareholders' value:

- Strengthening the core businesses to be able to capitalise on the value chain of that business segment;
- Strengthening the cash flow position of the group to be able to ensure continuous operations of the business segments efficiently;
- Growth within the core businesses to ensure business continuity;
- Diversification of businesses via strategic acquisitions to diversify income streams; and
- Attaining operational excellence by enhancing operational efficiencies through enhancing business processes via the application of new technologies and techniques.

## FINANCIAL PERFORMANCE IN FISCAL YEAR 2018 (“FY 2018”)

### 5-YEAR FINANCIAL SUMMARY

		2014	2015	2016	2017	2018
Revenue	(RM'mil)	71.8	53.8	51.3	53.2	63.0
Profit/(loss) before tax	(RM'mil)	(13.4)	(16.1)	(16.4)	(12.9)	(10.1)
Profit/(loss) after tax	(RM'mil)	(8.8)	(30.6)	(20.4)	(18.6)	(9.0)
Shareholders' fund	(RM'mil)	275.5	282.1	261.8	243.0	245.5
Net asset per share	(RM)	0.90	0.92	0.85	0.79	0.77



## REVENUE (RM'million)

2014	71.8
2015	53.8
2016	51.3
2017	53.2
2018	63.0

## PROFIT/(LOSS) AFTER TAX (RM'million)

(8.8)	2014
(30.6)	2015
(20.4)	2016
(18.6)	2017
(9.0)	2018

## NET ASSET PER SHARE (RM)

2014	0.90
2015	0.92
2016	0.85
2017	0.79
2018	0.77

## SHAREHOLDERS' FUNDS (RM'million)

275.5	2014
282.1	2015
261.8	2016
243.0	2017
245.5	2018

For three (3) consecutive years, the Group has substantially reduced its losses. For financial year ended 31<sup>st</sup> December 2018 ("FY 2018"), the Group recorded revenue of RM63.02 million compared to revenue of RM53.20 million in financial year ended 31<sup>st</sup> December 2017 ("FY 2017"), representing an 18.46% increase year-on-year. The revenue increase is primarily due to the operations in the Energy segment with the continuous operations of the Sungai Kenerong Plant and the Libaran Plant registering higher electricity generation. The Tourism segment recorded an increase in revenue, which mitigated the decline in the revenue registered in the F&B segment.

The Group improved its financial performance by substantially reducing the Loss Before Tax ("LBT") of RM10.12 million compared to LBT of RM12.92 million representing a 21.69% improvement. Correspondingly, the Loss After Tax ("LAT") in FY 2018 was registered as RM9.03 million compared to the LAT of RM18.56 million recorded in FY2017, a 51.36% improvement year-on-year.

## SEGMENTAL FINANCIAL PERFORMANCE

Year Ended 31 December

PERIOD REVENUE	2017 RM'000	2018 RM'000
Energy	11,171	27,938
F&B and Tourism	25,607	24,819
Manufacturing	18,224	12,064
Investment	1,990	2,140
Elimination	(3,790)	(3,940)
<b>Group</b>	<b>53,202</b>	<b>63,021</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		
Energy	(20,162)	(12,021)
F&B and Tourism	8,024	7,709
Manufacturing	(2,916)	(2,765)
Investment	2,357	(36,327)
Elimination	(219)	*33,289
<b>Group</b>	<b>(12,916)</b>	<b>(10,115)</b>
<b>TAX</b>	<b>(5,647)</b>	<b>1,086</b>
<b>PROFIT/ (LOSS) AFTER TAX</b>	<b>(18,563)</b>	<b>(9,029)</b>

\*The elimination mainly consists of the impairment loss on investment in subsidiaries of the Company.

## ENERGY

With the continuous operations of both power plants, the Sungai Kenerong Plant and the Libaran Plant, the Energy Sector increased its revenue substantially by 150% to register RM27.94 million in FY 2018 compared to RM11.17 million in FY 2017. This has translated into a significant reduction in the Loss Before Tax ("LBT") registered of RM12.02 million compared to the LBT of RM20.16 million registered in FY 2017.

The Energy Sector had always been the main contributor to the Group up until the disruption of the generation that occurred in year 2015. Since then, the sector had carried out major repair and overhaul works to recommission the engines of the plants where the Group expects better performance from the sector with the full recommissioning of the power plants.

## FOOD AND BEVERAGE ("F&B") AND TOURISM

The performance of the F&B and Tourism Sector is predominantly driven by Underwater World Langkawi Sdn. Bhd. ("UWL"). The retail spaces within the complex are managed by Eden Seafood Village (Langkawi) Sdn. Bhd. ("ESVL"). For FY 2018, the sector collectively recorded revenue of RM24.82 million compared to RM25.61 million in FY 2017. Tourism's segmental revenue had increased year on year and had mitigated the lower revenue recorded in the F&B segment.

The F&B and Tourism Sector continues to positively contribute to the performance of the Group by registering a Profit Before Tax ("PBT") of RM7.71 million in FY 2018. Despite the increase in profitability by UWL, the F&B and Tourism Sector recorded a marginal decrease in the PBT of RM0.31 million as a result of the lower revenue by the F&B segment as well as the lower rental received from the retail tenants of UWL due to the ongoing renovations of the UWL complex.

## MANUFACTURING

The Manufacturing Sector recorded a revenue of RM12.06 million in FY 2018 compared to RM18.22 million in the previous year. Correspondingly, the sector recorded a LBT of RM2.77 million for the period under review. The reduction in revenue year-on-year was mainly contributed by the lower sales generated from the switchgear business segment. In addition, the revenue for the LED business segment was also reduced as some of the projects that were earmarked to be secured for the current year, did not materialise.

## SEGMENTAL REVIEW

### ENERGY

The Energy Sector operates two power plants, one of which is a 60 Megawatt ("MW") thermal power plant located in Sandakan, Sabah ("Libaran Plant") and the other a 20 MW hydroelectric power plant located in Kelantan ("Sungai Kenerong Plant"). The Libaran Plant is operated by Stratavest Sdn. Bhd., and the Sungai Kenerong Plant is operated by Musteq Hydro Sdn. Bhd.; both are wholly owned subsidiaries of the Company.

The Libaran Plant's generation is powered by four (4) low speed diesel engines and commenced its operations in the year 1998 with a 21-year concession agreement with Sabah Electricity Sdn. Bhd. ("SESB"). The operations of the Libaran Plant in the past two years were adversely affected by the much-required replacement and upgrading of its components because of the aging assets. The Sungai Kenerong Plant is a run of the river hydroelectric power plant with two main tributaries for its generation and commenced its operations in the year 2000 with a 30-year concession agreement with Tenaga Nasional Berhad ("TNB").

Both power plants were operating at limited capacity after year 2015 due to the events that had occurred and affected the operations of the power plants, which included the unprecedented floods towards the end of year 2014 and at the beginning of 2017 that affected the Sungai Kenerong Plant. The power plants had recommenced its operations in the second half of 2017. In FY 2018, with the continuous operations of the plants at almost more than half of its capacity, the Energy Sector recorded a significant increase in revenue and correspondingly reduced its losses substantially. The Libaran Plant recorded the Effective Availability Factor (Rolling) ("EAFR") at 64% for FY 2018 compared to 71% in FY 2017. The reduction was due to the periods where there were disruptions to the fuel supply. However, to date, the fuel supply issue has been resolved to ensure continuous operations of the plant. The Sungai Kenerong Plant was operating at 45% capacity factor compared to 11% in FY 2017. The increase in the generation and reliability of the power plants were achieved amidst challenging operating environments due to the wear and tear of the power plant's components over time, such as the mechanical and electrical parts that require replacement as well as certain electronic components that required further upgrade due to the obsolescence of the spare parts.

The Libaran Plant's concession expires towards the end of 2019. The renewal or the proposed extension of the existing concession agreement for the Libaran Plant is subject to the regulatory approval from Sabah Electricity Sdn. Bhd. and other relevant authorities. In granting the approval, the relevant authorities may consider amongst others, the required level of energy supply vis-à-vis the consumer demand in Sandakan and the prevailing government policies concerning the energy sector in Sabah.

The Group will submit the necessary applications to Sabah Electricity Sdn. Bhd. and other relevant authorities for the proposed extension of tenure of the existing concession agreement as per the terms of the concession agreement. The management envisages that the application for the renewal or extension for the existing concession agreement for the Libaran Plant will be considered favourably by the relevant authorities due to the requirement of the installed capacity in Sabah (particularly in the east coast) as well as the reliability of the power plant.

## SEGMENTAL REVIEW (cont'd)

### FOOD AND BEVERAGE ("F&B") AND TOURISM

The operations of the F&B and Tourism Sector are located in Klang Valley, Penang and Langkawi. The F&B segment is operated by Eden Catering Sdn. Bhd. ("ECSB"). Underwater World Langkawi Sdn. Bhd. ("UWL") together with Eden Seafood Village (Langkawi) ("ESVL"), operates an aquarium and retail outlets in Langkawi. Collectively, UWL and ESVL were the two main operations that contributed significantly under the F&B and Tourism Sector as well as to the Group.

During the year, the Tourism segment had recorded revenue and PBT of RM16.77 (2017: RM16.22 million) and RM8.27 million (2017: RM8.44 million) respectively. UWL, in its quest to proactively reduce or efficiently utilise electricity consumption has implemented several energy efficient programmes, which included the change of all its lighting to energy saving lighting and carrying out some modifications for its life support systems of the exhibits.

As part of UWL's strategy in introducing additional income stream for the segment, UWL has been actively providing management expertise and carrying out exchange programmes for the penguins as well as other aquarium exhibits. In addition, UWL and ESVL has commenced the upgrade of the exhibition and retail spaces to increase its rental income.

### MANUFACTURING

Time Era Sdn. Bhd. ("Time Era") and its group of companies is in the operations of manufacturing and trading low voltage switchgear, electrical components as well as light emitting diode ("LED") products. Its revenue contribution is from the local and international sales of these products. The manufacturing facility is located in Kajang Technology Park.

The switchgear business segment's contribution reduced significantly in FY 2018 due to the suppressed margins and the challenging nature of its business. Despite the reduction in operating expenses by 14%, Time Era still recorded a loss. Hence, a rationalisation exercise was carried out in 2018 to scale down the switchgear business and concentrate on the LED business segment.

## CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustment to it, in the light of changes to the economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total borrowings less cash and bank balances. The total capital is calculated as 'equity' as shown in the statement of financial position. The gearing ratio is at a manageable level where the bulk of the debts is at the operating subsidiaries.

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Net debt	124,688	140,426	108,024	97,967
Equity attributable to equity holders of the Company	245,537	243,023	222,402	248,212
Capital and net debt	370,225	383,449	330,426	346,179
Gearing ratio	34%	37%	33%	28%

## RISK MANAGEMENT

The overall risk management of the group is to ensure that there are adequate resources to create value for its shareholders. The risk management is carried out through risk review analysis, internal control systems and adherence to the Group's risk management policies.

### FINANCIAL RISK MANAGEMENT

The Group is sensitive to various financial risk arising from the operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

#### Credit Risk

The Group has adopted a policy of only trading with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subjected to credit verification procedures. In addition, the receivable balances are monitored on an ongoing basis resulting in the Group's exposure to bad debts being insignificant.

#### Liquidity Risk

The Group maintains sufficient liquid financial assets and flexibility through the use of stand-by credit facilities.

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**Interest Rate Risk**

The Group is exposed to interest rate risk arising from variable interest rate loans and borrowings. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

**Foreign Currency Risk**

The Group is exposed to foreign currency risk mainly on sales and purchase that are dominated in currencies other than the functional currency of the Group. The currency that gives rise to this risk are United States Dollar (USD) and Singapore Dollar (SGD). The Group's exposure to foreign currency changes are not material.

**OPERATING RISK MANAGEMENT****Concession or Major Contracts**

The Group's core business is reliant on to a significant extent on concession agreements. Cancellation, termination, expiration or renegotiations of any of the key contracts can have an adverse financial effect on the Group. However, the Group's capabilities in securing these concession contracts and operating it despite economic downturns and challenging business environment should mitigate the vagaries of uncertainties.

**OUTLOOK**

The Malaysian economy is expected to expand by 4.3% to 4.8% in 2019 supported by firm private sector activity and recovery in commodity sectors. However, there are consensus that indicates a slight reduction in Malaysia's Gross Domestic Product ("GDP") in 2019 as uncertainties remain both locally and globally.

The Energy Sector will continue to improve the generation as well as the reliability of the power plants and to eliminate or mitigate the incidence of unplanned outages. In addition, the segment will continue to carry out the necessary repair, overhaul and maintenance works for both the power plants. We will ensure that the Group would be able to continue to support the Sabah Electricity Sdn. Bhd. in meeting the required installed generation capacity.

The F&B and Tourism Sector has projected a significant increase in tourists via the deployment of the online-based system that would be able to reach the tourist market effectively. With the upgrading works for the exhibits and the realignment of the retail spaces, the Tourism segment is expected to perform better in the coming year. Greater efforts will also be placed in positioning the aquarium as the preferred research and development facility for the penguins as well as other exhibits.

For the Manufacturing Sector, the rationalisation exercise is expected to reduce the operating cost significantly where resources would be able to be focused on the energy efficient products, namely the LED street lightings.

In conclusion, with the continued generation of the power plants, the positive performances from the F&B and Tourism as well as the Manufacturing Sector, the Group expects better performance for the year 2019.

# SUSTAINABILITY STATEMENT

## COMMITMENT IN SUSTAINABILITY

At Eden Inc. Berhad (“the Company”) and its Group of Companies (“the Group”), we uphold high standards of sustainability responsibility to secure our future in sustainable manner. We strive to create long term commitment and value for our stakeholders by ensuring responsible management and sustainable development within the Group on the Economic, Environmental and Social aspects. The Group has embarked on the sustainability practices within 3 aspects:

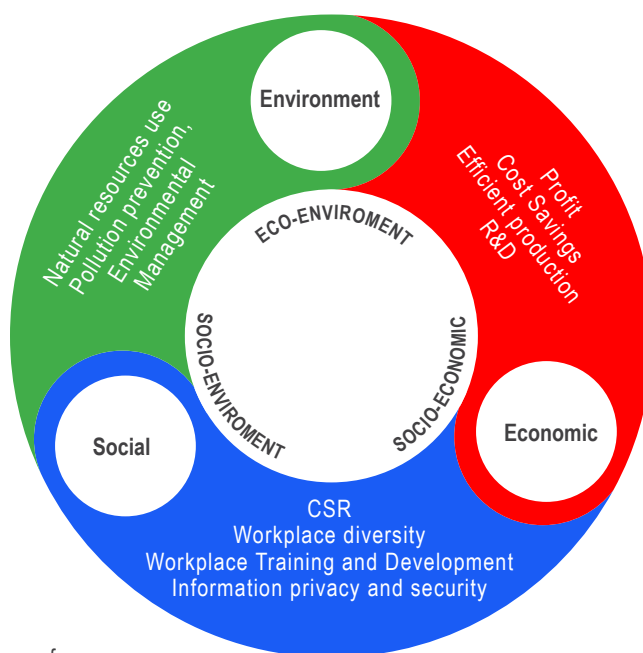
- Economic
- Environmental
- Social

## OUR APPROACH TO SUSTAINABILITY

The Group is driven by these five (5) core values:

- **Excellence** : striving for passion for high quality and world class performance
- **Integrity** : honest and accountable to ourselves and others
- **Teamwork** : the team is bigger than individual
- **Social Responsibility** : good citizen that gives back to the society
- **Commitment** : prepare to go the extra mile

These core values have always been embedded in our culture and business practices. They form the underlying principals for our employees to reflect our continuous pursuit to enhance the corporate value of the Group as well as ethics and code of business conduct, where relevant and appropriate.



## REPORTING PERIOD AND SCOPE

This sustainability report covers the group's three (3) reporting sectors; the Energy Sector, the Food & Beverage (“F&B”) and Tourism Sector and the Manufacturing Sector, for the financial year 1 January 2018 to 31 December 2018. A two to three years of statistical data has been furnished and assured by the internal management team, where applicable. This sustainability report is to be read in conjunction with the rest of the Company's annual report.

This statement has been prepared in line with the Main Market Listing requirements and with reference made to the Sustainability Reporting Guide and Toolkits issued by Bursa Malaysia Securities Berhad.

## ASSURANCE

We have not sought external assurance for this report. As we continue to improve our data collection systems, we will consider external assurance as our reporting matures.

## Feedback

We welcome your comments and feedbacks, which should be directed to our registered office:

Eden Inc. Berhad  
15th Floor, Amcorp Tower, Amcorp Trade Centre,  
18, Jalan Persiaran Barat, Off Jalan Timur  
46050 Petaling Jaya, Selangor  
Tel: (603) 7957 7781  
Fax: (603) 7957 4793

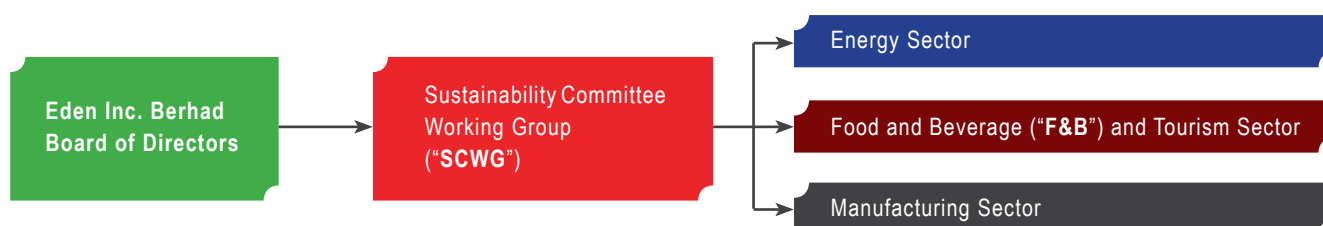


## SUSTAINABILITY GOVERNANCE

Setting the tone from the top, the Board of Directors of Eden Inc. Berhad supports the Sustainability Committee Working Group ("SCWG") to oversee the integration of sustainability reporting of the Company. The SCWG also reviews the Sustainability Statement of the Company on a yearly basis, as part of the Annual Report of the Company for the endorsement by the Board of Directors.

In addition, the SCWG is driven by a set of guidelines, policies, procedures and our corporate values which help to cultivate good corporate governance within the Group. By adopting this governance structure, the Group is able to achieve a robust framework that supports the achievement of accountability, internal controls and risk management.

### Eden Inc. Berhad's Sustainability Governance Structure



## STAKEHOLDERS

Eden Inc. Berhad has been actively engaged with its stakeholders as part of its overall sustainability program. The management understands that the need to engage with the stakeholders is to ensure that the stakeholders are well informed and kept abreast of the Group's latest development. Vice versa, the Group will be able to seek the much-needed feedback of the latest market development and insights which the Group can always improvise to adapt to the corporate strategy and place extra effort in meeting stakeholders' needs.

This is especially the case where the shareholders are always encouraged to participate in the Question and Answer ("Q&A") session during the annual general meeting of the Company. Shareholders have the opportunity to ask any relevant questions pertaining to the Company's financial results, business directions, corporate exercises and other operational matters of the Group as a whole.

The Group has also been continuously engaging with a wide range of stakeholders which are categorised as below.

Stakeholders	Frequency	Engagement Platform	Goals
Government/Regulators	• On-going	• Meetings, Seminars and Functions	• Compliance with applicable laws and regulations
Shareholders/Investors	• Yearly and/or periodically	• Annual general meeting • Corporate announcements	• Improve shareholders' values • Sustainability status • Strong corporate governance • Increased transparency
Customers	• On-going	• Meetings	• Customer satisfaction • Reduce downtime • Create fair trade
Employees	• On-going	• Townhall meetings/discussion • Direct contact • Employee survey	• Employees' development progresses • Career progression • Commensurate remuneration • Job satisfaction • Succession planning • Equal employment opportunities • Talent Management
Suppliers/Bankers/ Rating Agency	• On-going	• Meetings • Site visit	• Credit worthiness • Timely repayment of principal and interest
Communities	• On-going	• Community events	• Understanding of local's requirement • Creating employment • Improve CSR • Reduce carbon footprint

## MATERIALITY ASSESSMENT

In our continuous effort in engaging with our stakeholders, we were able to obtain an insight to assist us in assessing and prioritising our materiality assessment. Materiality assessment became our strategic tool to identify, develop, prioritise and position our strengths and weaknesses, opportunities and threat analysis. The materiality assessment will allow the SCWG to focus their collective efforts on the scope of the highest interest to both the Group and the stakeholders.

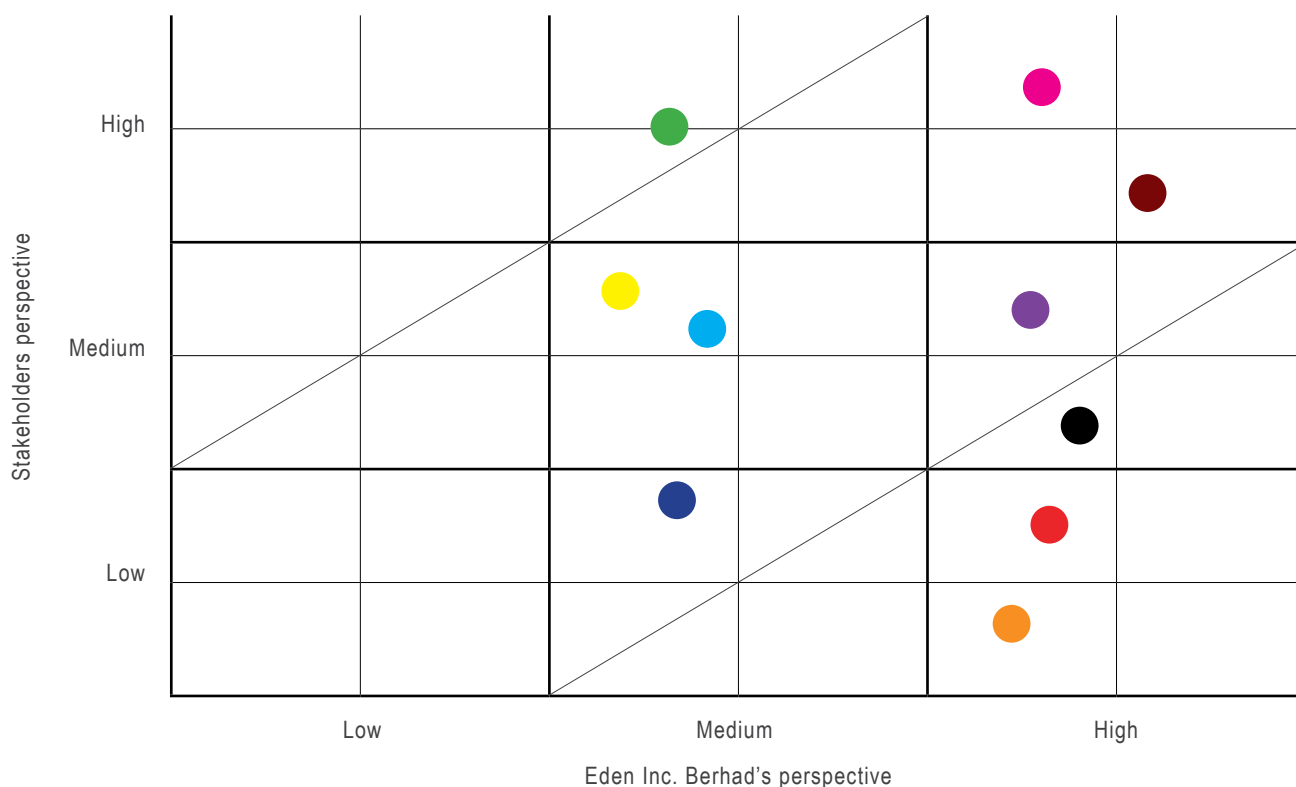
The management are of the opinion that it will have a long-term positive impact to the Group and will further strengthen the Group positioning in the market.

## MATERIALITY MATRIX

By taking into account the stakeholder's views and perspectives and integrating these with our own internal knowledge, the stakeholders' feedback was reviewed and was brought up for discussion in SCWG. Subsequently the issues were then deliberated with the respective divisions and heads of departments. Pertinent issues that are vital to us could then be subsequently embedded in our plan to develop the Group corporate strategies.

The matrix presents the Group's most significant materiality topics and aspects, which have been approved by Management and the Board of Directors.

Below is the Group's Materiality Matrix:



- Health & Safety
- Training and development
- Supply chain
- Information technology
- Diversity and equality
- Human rights
- Materials/Procurements
- Emission and/ or waste management
- Talent Management and Retention
- Compliance with laws and regulations

## 1. ENVIRONMENT

### 1.1 Reducing Carbon Footprint

The Sungai Kenerong Plant is a small scale 20-Megawatt hydroelectric power plant in Kelantan. The run of the river hydro plant had been developed with an ecological footprint, size and location, creating sustainable energy minimizing impact to the surrounding environment and nearby communities. In turn it provides cleaner power and without a reservoir, a pre-existing pattern of flooding will continue unaltered. Some of the steps taken to preserve the surrounding environment and for flood mitigation steps are:

- a. Proactively and consistently planting trees and fruits along the river bank to avoid land slide and soil erosion which will disrupt the hydro plant. This is being carried out periodically.
- b. Monitoring the carbon savings based on the electricity generated from the hydroelectric power plant, as the carbon savings is substantial. The Group plans to increase the capacity of this plant in near future.

### 1.2 Natural Resources Use/Reuse

We are committed with our effort to cut down our resources use by reducing the consumption of electricity and practice recycling at our workplace. We have taken the initiatives to identify, evaluate, manage and monitor the main environmental risk affecting all activities at various levels of business divisions. We are committed to the 3R concepts of Reduce, Reuse and Recycle. Henceforth, the Group has implemented measures aimed at reducing energy consumption, responsible waste management and recycling as highlighted below:



- a. The Group utilises the LED lighting provided by the Time Era Group which are energy efficient.
- b. The relocation of several office spaces was carried out at Underwater World Langkawi Sdn. Bhd. ("UWL") to save utility costs.
- c. Procedures are in place to reduce energy consumption by deploying active power management on all computers where the computers are in sleep/hibernate mode if there is no usage. In addition, all printers are networked with multifunction devices.
- d. In the Manufacturing Sector, the factory changed its central cooling system from air system to water cooling system which saves significant amount of electricity consumption during the year.
- e. Lighting or air conditioning system (which are not centralised) are turned off when not in use.
- f. The Group has procedures in place particularly in reducing electricity consumption especially where the electricity consumption of the Group has reduced particularly in its subsidiary Underwater World Langkawi where consumption is high due to its nature of operation.
- g. To reduce paper consumption by making concerted effort to move towards paperless environment in our offices as we are migrating toward digitalization in our work processes. As a step forward, we have commenced and embarked on digitalisation on certain processes of the Group communications via subscription to cloud services to reduce the paper consumption.
- h. We are committed to ensure that all wastes are disposed in an orderly manner by providing compartmental bins for disposing of plastics, aluminum, papers and other recyclable items and all these wastes are collected by disposed off in a responsible manner.



## 1. ENVIRONMENT (cont'd)

### 1.3 Pollution Prevention

We are guided by the Department of Environment (“DOE”), Ministry of Energy, Science, Technology, Environment and Climate Change with regards to the treatment of waste and waste management of the power plants. This is particularly relevant to the Libaran 60 MW diesel fired plant whereby the sludge had been handled by authorised personnel in accordance with the DOE guidelines. In year 2018, the Group had disposed approximately 738kg of contaminated rags, plastics, filters and 62,000 litres of sludges in an orderly and responsible manner through recycling.

Although the Food and Beverage (“F&B”) segment does not contribute much to the overall environmental impact, every small step makes a difference. F&B segment has eliminated the use of polystyrene in its packaging of foods as well as reduce the reliance on the use of plastic packaging to reflect the Group initiative in using paper/ recyclable bags wherever possible.



## 2. ECONOMICS

### 2.1 Efficient Production

In relation to the Libaran Power Station, we are cognizant of the fact that the fuel running power plant do pose some environmental hazards by releasing carbon to the environment. As such, we strive to ensure that the plant is operated at its optimum and efficient level by constantly ensuring that the power plant is operating at the Minimum Continuous Rating (“MCR”) of 75%. In doing so, we will ensure that the net heat rate of the engines is maintained at an optimum/ required rate to ensure efficient utilisation of fuel.

The management has been actively working towards increasing the operational efficiency of the targeted MCR.

### 2.2 Research & Development (“R&D”)

The Manufacturing Sector carries out R&D continuously to increase product quality and reduce the cost for the LED products. This is to ensure the sector has the competitive advantage over its competitors.

For UWL, continuous R&D is carried out to better improve the living conditions of the species and to enable continuity of the species in captivity such as the penguin breeding and husbandry programme. Due to the successful breeding of the African penguin species, the management has exported and carried out trading development programmes with other aquariums to ensure continuous exchange of ideas and information between the facilities and to also ensure the penguins enclosures is at a right population and size.

In addition, UWL is also registered under Jabatan Perlindungan Hidupan Liar dan Taman Negara Semenanjung Malaysia. The Group will apply to Convention on International Trade in Endangered Species of Wild Fauna and Flora (“CITES”) importation & exportation of the livestock to be able to trade livestock under the CITES purview. These livestock will go through rigorous health checks by Department of Veterinary Services Malaysia before the import and export of the livestock to prevent any diseases from spreading to the other livestock. These livestock will be quarantine in Jabatan Perkhidmatan Kuarantin dan Pemeriksaan Malaysia (“MAQIS”).

UWL has been successfully breeding African penguins and Rockhoppers penguins on yearly basis. Thereby, the population at the exhibits is sustainable on its own.

### 3. SOCIAL

#### 3.1 Workplace Conditions – Safety & Health

Our employee's safety and health are very important to us and we are committed to provide all employees with a safe work environment, free from health and safety hazards. We regularly provide information on building safety and adhere to a safe work practices and ensure all employees comply with the Company's procedures by attending the Group's organized training and briefing session as well as participate in fire drills conducted at least once a year. Furthermore, the Group has weekly activities to promote healthy living whilst trying to achieve the work-life balanced culture.

In terms of health and safety of the employees at the power plants, both power plants comply with the regulations by the relevant authorities, which amongst others are the Department of Occupational Safety and Health ("DOSH") to ensure that satisfactory work conditions and safety are provided for the employees at the Libaran and Sungai Kenerong Plants. In addition, both plants adhere to the guidelines provided by the Energy Commission with regards to regulations on electrical installations. The management has also been actively increasing the number of machines registered by DOSH.

The Manufacturing Sector is registered with Jabatan Keselamatan and Kesihatan Pekerjaan Malaysia as well as being certified with MS ISO9001:2015 Quality Management System.

The management's key performance indicator for the workplace safety and health is to ensure no fatalities, major injuries and other pollutions and leakages occur at the power plant. This strongly indicate that the Board of Directors place great emphasis in providing its employees a safe working environment. For both year 2017 and 2018, there has been no fatalities, major injuries or oil pollution or leakage within the Group.

#### 3.2 Training and Development

To improve the efficiency and effectiveness of our Group, we are committed to remain innovative and competitive in delivering training and development to our staff at all levels. Training and development are provided to all employees throughout the Group to further enhance their skills and motivation to enable them to carry out their duties better. On top of this, we enroll the staff for external training to keep themselves abreast of the latest development and technology. We are expected to achieve at least sixteen (16) hours of training per annum.

#### 3.3 Code of Conduct/Whistleblowing Policy

We have the staff handbook which depict the employee's code of conduct to reflect the values that the Group upholds. The Group has a whistleblowing policy in place, which provides an avenue for whistleblowers to lodge their cases. There were no cases reported for year 2018.





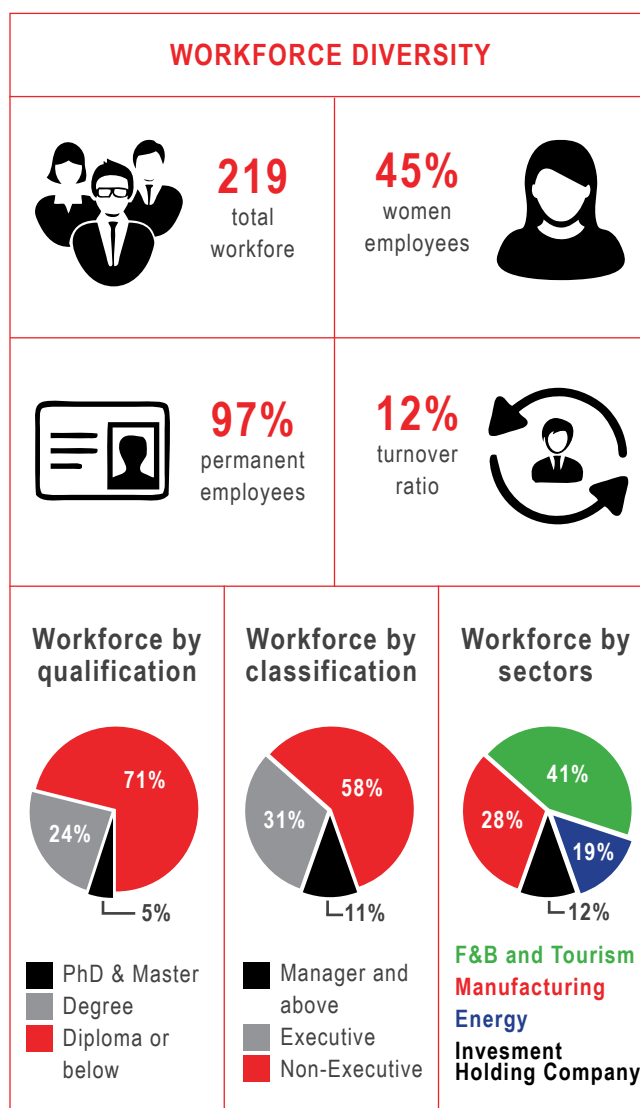
## 3. SOCIAL (cont'd)

### 3.4 Diversity

We respect, value and acknowledge the uniqueness of each individual's attributes and characteristics; therefore, we believe that our strength lies in our diversity among a broad range of people we employ by drawing on diverse cultures, gender, skills and experience of all our employees. The Group treats all employees equally and believe that all employees have equal opportunity to excel and are able to progress on fair merits and abilities. We have zero tolerance policy on unfair treatment and discrimination. Any discrimination based on race, religion, political opinion, gender, marital status, origin disability is against the Group's code of conduct.

The Group encourages women to be in the workforce and accommodates the flexible time if required without compromising the quality of work. We have a healthy wide gender ratio of 55% male to 45% of female workforce. The Group has a relatively low staff turnover at 12% during the year and are primarily concentrated in the F&B and Tourism Sector. The management has been actively engaging with the staff to ensure that the turnover rate remains low.

	2016	2017	2018
Male	50%	51%	55%
Female	50%	49%	45%
Staff turnover	6%	26%	12%
Total workforce	267	253	219



For the Manufacturing Sector, the employees are part of a labour union. The contract with the workers is renewable every two (2) years. This acts as a platform for the workers to negotiate a fair pay, over time, promotions, leave entitlement with the management. This will ensure the workers are remunerated on a fair basis.

### 3.5 Succession Planning

In year 2018, the Group has implemented succession plan. This process involved identifying, assessing and recruiting suitable candidates for certain heads of divisions. Currently, the target of the succession plan is at the ratio of 1:1. The management has been consistently identifying talents to find the right candidates for the succession planning. Thereafter, the candidates will undergo robust development plan and training programs to ensure the successor has what it takes to take on the role.

### **3. SOCIAL (cont'd)**

#### **3.6 Information Privacy and IT Security**

The Group acknowledge the importance of respecting and protecting the privacy of its customers and take stringent measures to safeguard customers' confidential information at all times. We are in compliance with Personal Data Protection Act 2010, a privacy policy was in place since its implementation date.

With the advancement of the technology, the Group takes action to prioritise information technology integrity and security measures to ensure business continuity. Various security measures are put in place to identify and monitor any cyber security issues. The Group has implemented preventive measures in its system to minimize the exposures to cyber security risk and to reduce the vulnerability of its IT environment. IT department has been keeping track of the system are up-to-date and frequent review are conducted to prevent unauthorized access to its IT environment.

#### **3.7 Corporate Social Responsibility**

Libaran Plant was the co-organiser of Sabah EE Race (Environment Educational Race) whereby annually, a group of school teachers participated in the program that provide the participants the exposure on environmental protection which in turn is shared with their students.

UWL actively engages in corporate social responsibility by carrying out yearly gathering with charitable homes, providing a venue space for programmes carried out by associations, schools as well as for the local communities and authorities. In addition, special packages and visiting times are offered to local schools located in the northern region to enable the schools to regularly participate in UWL's educational programmes.

Langkawi is a popular tourist spot in Malaysia, the management has targeted at least 10% of the entire tourist/visitor arrival would visit UWL as UWL is one of the major tourist attractions in Langkawi. UWL's management has been consistently working together with the local authority/bodies to improve tourism in Langkawi.

### **MOVING FORWARD**

We acknowledge that there are areas for improvement, therefore, we remain cognisant that our performance in 2018 is a work in progress and we remain committed to drive a sustainability culture supported by the Board of Directors and the respective division head of departments. Moving forward, we will strive to improve our sustainability efforts.





# CORPORATE CALENDAR 2018

## JANUARY 2018

### UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")

UWL is also seen as an educational centre and visits schools regularly under their SCHOOL ATTACK programme to market UWL as not only an aquarium but to also provide talks on marine wildlife and penguin husbandry. UWL is also a centre for research and development and is usually invited to give talks on penguin reproduction and husbandry at conferences.



### EDEN CATERING SDN. BHD. ("ECSB")

The enigmatic CEO of Air Asia Group, YBhg. Tan Sri Tony Fernandez graced the occasion at the Badminton Association of Malaysia's ("BAM") National Junior League Finals prize presentation ceremony. Air Asia was the main sponsor for the event and ECSB was the preferred caterer on that day.



## FEBRUARY 2018

### EDEN INC. BERHAD ("EDEN")

EDEN held its Board Of Director's Meeting and Director's Training At Underwater World Langkawi Sdn. Bhd. ("UWL"). The session primarily focused on the strategic plan for the Group for the coming year as well as the future business direction for the Group.



The Board of Directors and the management team played two rounds of golf at the Els Club Teluk Datai and Gunung Raya Golf Resort in Langkawi-following in the footsteps of our Executive Chairman that can 'drive' more than 200 meters!



### EDEN CATERING SDN. BHD. ("ECSB")

Yee Sang, a colorful dish made up of vegetables and pickles and strips of raw meat usually salmon, signifies abundance, prosperity and vigor. Nothing brings the family together than Yee Sang high up in the air. Chinese New Year 2018 Prosperity Special campaign was from 15<sup>th</sup> January to 31<sup>st</sup> March 2018. Chinese New Year has always been one of the busiest periods for ECSB. This year we provided food and beverage services to more than 10,000 pax.



### UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")

Cultural practices of all the races in Malaysia are important to us. Chinese New Year celebration is no exception. One of our tenants, Coco Valley, hosted a Lion Dance in front of UWL, whilst our staff went around distributing oranges. The finale was the Ang Pow handed out to the Lion Dancers.



**FEBRUARY 2018 (cont'd)**

**UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")  
CSR with Scouts of Langkawi (Hari Pengasas Langkawi)**

UWL was chosen as a host venue for Scout's National Day of 2018. This is one of the Corporate Social Responsibility ("CSR") programs of UWL who had organised the activities and programs for the scouts including team bonding and educational activities.



**MUSTEQ HYDRO SDN. BHD. ("MHSB")**

As part of the repair, overhaul and maintenance works for MHSB, the overhaul of Unit 22 in the Lower Power House was successfully concluded.



Tenaga Nasional Berhad ("TNB") paid a site visit to the Sungai Kenerong Plant. It is part of MHSB's stakeholder engagement programme that is carried out yearly.

**MARCH 2018**

**UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")**

In conjunction with World Reptiles Day and the school holidays, UWL organised the Exotic Reptiles Educational Show on the 16<sup>th</sup> to the 24<sup>th</sup> March 2018 conducted by Mr Haris Sultan, the reptilian animal keeper at UWL.



On the 16<sup>th</sup> to the 18<sup>th</sup> March 2018, UWL always participates in the MATTA Fair at the Putra World Trade Centre ("PWTC") in Kuala Lumpur in March and September alongside other tourist attractions in Langkawi. Promotional packages and giveaways are given to the visitors at the MATTA Fair.

**STRATAVEST SDN. BHD. ("STV")**

The overhaul works were carried out for Diesel Engine 1 ("DE1"). Over the years, the Operations and Maintenance team have been able to successfully carry out the overhaul on these engines.



**APRIL 2018**

**UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")**

In collaboration with Langkawi Development Authority ("LADA"), UWL was the host to the Langkawi International Marching Band Competition 2018. Twenty (20) marching bands representing the different countries competed with each other on that night.





## MAY 2018

### EDEN CATERING SDN. BHD. ("ECSB")

ECSB's Executive Chef prepared selections of delicacies for the Buffet Ramadan @ Aroma Café preview. Apart from promoting Ramadan Buffet, it was also held to promote Eden's Hari Raya Open House packages. More than hundred and fifty (150) dishes were served during the Ramadhan Buffet. Aroma Café has become a favourite venue for corporate and private functions due to the strategic location, free parking and the availability of comfortable prayer rooms.



We were honored to serve our First Lady, YA Bhg. Tun Dr. Siti Hasmah binti Haji Mohamad Ali at Aroma Café who was attending a meeting with a non-government organization. Aroma Café by Eden @ PAUM Clubhouse is often a chosen venue for meetings and seminars due to its delicious food, conducive environment and tranquil ambience.



Apart from seminar and meeting packages, Aroma Café by Eden @ PAUM Clubhouse is also a perfect location for private functions and family gatherings such as Aqiqah, Engagement and even Akad Nikah functions. Good food and good service has always been our main ingredients for a perfect event. Here YBhg. Tan Sri Dato' Seri Rafidah Aziz is seen at Aroma Café attending a private function held by her school's alumni.



The Faculty of Law, Universiti Malaya Alumni, ("PARFUM") holds a gathering once a year at PAUM Clubhouse. This year's gathering was attended by the University Alumni's and undergraduates of the PARFUM. PAUM Banquet Hall can accommodate approximately 500 pax sitting down. Customers can choose their preferred menu from our vast variety of menu offerings.



## JUNE 2018

### UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")

Every year, UWL organises an Iftar event. In 2018, the event was held at Ombak Villa Resort, Langkawi. The guests included all the staff of UWL, where the guest of honour was the Exco Kuah, YB Mohd Firdaus Ahmad and the special invitees are from Rumah Anak Yatim Nur Kaseh, Langkawi.

UWL often receives visits from celebrities such as Elfira Loy and Erin Malik together with their families. The social media team obtained uploaded videos done by these celebrities in UWL social media with good feedback received.



## JUNE 2018 (cont'd)

## EDEN INC. BERHAD (“EDEN”)

EDEN's 40th AGM was successfully concluded on the 6<sup>th</sup> June 2018 at the Banquet Hall, PAUM Clubhouse with the proposed resolutions being carried.



## EDEN CATERING SDN. BHD. ("ECSB")

For the Perdana Menteri and Jemaah Menteri 'Hari Raya Open House' held on 15 June 2018, more than 50,000 Malaysians from all walks of life and tourists attended the Hari Raya Open House. ECSB was one of the caterers that catered for the event.



We are always delighted to provide services to Malaysia's prominent figures such as the Minister of Sports and Youth, YB. Syed Saddiq Syed Abd. Rahman; and famous artist as well as businesswoman YBhg. Dato' Siti Nurhaliza who attended one of the events at the PAUM Banquet Hall.



**EDEN CATERING**

# Buffet Ramadhan

RUMAH KELAB PAUM | 7 Mei - 1 Jun

Pilihan	Harga
Dinner	RM 79 nett
Dinner (All) Kashi	RM 70 nett
1 x 12 Tahun	RM 39 nett

**PROMOSI EARLY BIRD**  
sebelum 5 Mei 2019  
**RM 50 nett**

\*Terminasi dengan telur & sayur

Perkongsian hidangan disediakan • Katering luar • Dapur sendiri • Free setup, dish cover, RM200 beryak • Semua berkah! Top-top biology!

Untuk tempahan dan sahaja persembahkan anda hubungi:

**011-2302 5904 / 03-7803 8204**

- Persembakan Muzik Tradisional
- Kemudahan Solat Tarawih
- Parkir Percom

PAUM Clubhouse | edenfood.my | arontzyeden | Eden Restaurant & Catering

aroma



## JULY 2018

### EDEN INC. BERHAD ("EDEN")

EDEN's EGM was successfully concluded on the 25<sup>th</sup> July 2018 at the Banquet Hall, PAUM Clubhouse with the proposed resolutions being carried.



### UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")

In conjunction with the World Ocean's Day, UWL organised a 'Beach Clean Up 2018' event. In collaboration with Majlis Perbandaran Langkawi Bandaraya Pelancongan and Trash Hero (NGO in Langkawi), eighty (80) students from four (4) secondary schools around Langkawi participated in this event. As a symbolic part of the event, Ulrika Player together with UWL's General Manager stamped their hand painting on the official banner.



## AUGUST 2018

### EDEN CATERING SDN. BHD. ("ECSB")

ECSB was honoured to be given the opportunity to serve HRH Sultan of Perak, Raja Nazrin Shah at the 'Majlis Santapan' at the Banquet Hall of PAUM. The event was to commemorate the official opening of PAUM Clubhouse.



### MUSTEQ HYDRO SDN. BHD. ("MHSB")

Continuous replacements of parts are being carried out for the upper intake Unit 11 as the Sungai Kenerong Plant enters its 19th year of operations.



### UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")

UWL collaborated with Hospital Langkawi to organize a Blood Donation event. The event was held inside UWL's premises. With the tagline, "Be a hero by donating blood", the event had been successfully welcomed by all the visitors.





**EDEN CATERING** 

# Pakej Rumah Terbuka Aïdîlfitrî

Harga bermula  
RM **35**

Tempahan di buka mulai 15 March 2019

Pelbagai juadah istimewa Hari Raya, sila hubungi kami untuk keterangan lanjut.

**011-2302 5904**  
**03-7803 8204**

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50480 Kuala Lumpur

 PAUM Clubhouse  edenfood\_my  
promabyeden  Eden Restaurant & Catering 



**SEPTEMBER 2018**

**MUSTEQ HYDRO SDN. BHD. ("MHSB")**

The staff at the Sungai Kenerong Plant held a staff BBQ gathering event to continuously promote teamwork amongst the staff.



**EDEN CATERING SDN. BHD. ("ECSB")**

Aroma Café @ PAUM Clubhouse, which is managed by ECSB, was featured in "Jalan Jalan Cari Makan", a famous TV programme.



**STRATAVEST SDN. BHD. ("STV")**

The Libaran Plant received visitors from the Chief Minister's office as well as Japanese delegates who are interested to build a kernel and shell processing plant at the Palm Oil Industrial Cluster ("POIC"), Sandakan.



**UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")**

UWL had been chosen as an event host for 'Kayuhan Jelajah Langkawi', organised by Hospital Sultanah Bahiyah, Alor Setar. The event was officiated by YBhg. Dato' Dr. Norizan Bin Ismail, Pengarah Kesihatan Negeri Kedah. This event was successfully featured in cycling magazines and social media.



In conjunction with Malaysia Day on 19<sup>th</sup> September 2018, UWL was chosen as an event host for 'Konvoi Jelajah Jalur Gemilang' organised by Jabatan Penerangan Malaysia. A flag-waving session was held to commemorate the event. This event was successfully featured on RTM television and newspapers.



UWL was invited to be one of the merchants and exhibitor at Pacific Asia Travel Association ("PATA") Travel Mart which was held from the 13<sup>th</sup> until 15<sup>th</sup> September 2019. This is one of the initiatives undertaken to approach international travel agencies.



**OCTOBER 2018**

**UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")**

November 2018 has been chosen to be "World Animal Month". UWL conducted several guerrilla marketing approach to all the visitors. The brand awareness campaign started with a Flashmob dance by the staff and retail tenants.



UWL has been invited as one of the tourism partners in celebrating Langkawi Geopark Day at SMK Ayer Hangat. This event was organised by the Langkawi Development Authority ("LADA") Eco and Langkawi Tourism Association.



A kolam with UWL logo was designed and exhibited at the commercial area in conjunction with the Deepavali celebration.



**NOVEMBER 2018**

**UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")**

In conjunction with the International Children's Day 2018, on 24<sup>th</sup> November, UWL had organised a 'Kids of The Day' event which celebrated all the kids among the visitors. There were many games organised and conducted by UWL such as colouring, drawing contest and musical chairs.





**DECEMBER 2018**

**EDEN CATERING SDN. BHD. ("ECSB")**

The year 2018 ended with a New Year's Eve Celebration held on 31<sup>st</sup> Dec 2018, at Aroma Café. The New Year's Eve Celebration buffet spread showcased our versatile fusion menu and our operation and production team's expertise. The event was held as a new year occasion for families and friends who enjoy ushering the new year in with good food and good company.

YBhg. Tan Sri Dato' Sri Shahrizat Jalil was at Aroma Café to discuss an event to be held at the PAUM Banquet Hall with fellow committee members from the Faculty of Law, University of Malaya. Aroma Café by Eden provides a warm and cozy ambience for such gatherings.



As part of the employees staff engagement programme, the staff of ECSB indulged in a 'Durian Fest' together.



ECSB's wedding packages at PAUM Clubhouse have been popular with its customers. ECSB can organize the whole function including the solemnization and reception which can include providing the decoration, giveaway, photography and videography together with the food and services provided. Being a one stop centre, the wedding packages have been a favourite of many. Eden's wedding packages starts from RM25.00 onwards (excluding hall rental). The customers have the freedom of choice in terms of venue, be it at the Banquet Hall of PAUM, Aroma Café @ Eden, the garden area, the poolside or at any other places preferred by the customers.



**WEDDING PACKAGE**

RM 45<sup>+</sup>

OTHER SERVICES:

- SEMI-PRIVATE
- LUNCHEON
- BIRTHDAY PARTY
- ETC

For enquiries please call:

011-2302 5904 / 03-7603 8204 / edencateringsales@edenzil.com

PAUM Club House

OPEN TO PUBLIC!

**aroma** by EDEN

10.00 AM - 10.00 PM  
MONDAY - SUNDAY

Join our membership now!

- Includes 10% discount
- RM 50.00 monthly subscription
- 100% refund guarantee



**DECEMBER 2018 (cont'd)**

**TIME ERA TECHNOLOGIES SDN. BHD. ("TETSB")**

TETSB begun the assembly of the LED street lantern which was in the past imported fully assembled. TETSB was able to move into manufacturing seamlessly as it already operates a manufacturing arm for the switchgear business via the Time Era Sdn. Bhd. group.



**UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")**

UWL conducted a Global Warming Campaign on penguin habitats to all the visitors to educate the visitors on the effects global warming to the world generally and to the penguin population specifically.



UWL hosted the orphanage from Rumah Anak-Anak Yatim Nur Kasih, Ulu Melaka, Langkawi as part of UWL's engagement with the less fortunate.

UWL hosted a visit from Exco Rembau and also Former Youth & Sports Minister, YB Khairy Jamaluddin. The social media team of UWL obtained an uploaded video review which received positive feedback.



**EDEN INC. BERHAD ("EDEN")**

As we continue our journey in attaining a balanced and healthy lifestyle, EDEN Sports Club continuously organises sports activities weekly. Badminton, hiking, jogging, rock climbing and bowling are held to encourage staff's bonding and foster a healthy interpersonal relationship outside working hours.



# STATEMENT ON CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Eden Inc. Berhad ("**Board**") recognises that good corporate governance is of paramount importance in ensuring that the Company is managed in the best interest of all shareholders and stakeholders ranging from but not limited to regulators, lenders, creditors, customers, suppliers, employees and communities.

The Board also ensures that there are appropriate systems, processes and procedures in place for the Management to manage the Group's businesses and significant risks which arise there from. Thus, the enhancement of shareholders' value, the determination of strategic direction and the formulation of Company policies are premised along the corporate governance principles.

The Board is pleased to outline below the manner in which the Group has applied the principles of corporate governance in all the Company's procedures and business processes and the extent of which the Company complies with corporate governance principles advocated by the Malaysian Code on Corporate Governance 2017 ("**MCCG 2017**").

This Corporate Governance Overview Statement ("**this Statement**") is prepared in compliance with the paragraph 15.25 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and guided by the key principles set out in the MCCG 2017.

Details application for each practice of the MCCG 2017 during the financial year ended 31 December 2018 ("**FYE 2018**") is disclosed in the Company's Corporate Governance Report which is available and can be downloaded through the Company's website: [www.edenzil.com](http://www.edenzil.com).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### (I) BOARD RESPONSIBILITIES

The Board is responsible for overseeing the Management and business affairs and makes all major policy decisions of the Company within the powers accorded to it by the Company's Articles of Association.

The Board assumes the primary responsibilities which include (but are not limited) to the following: -

- (a) Establishment of the overall strategic direction;
- (b) Approval of annual and interim results, acquisitions and disposals, major capital expenditures and budgets;
- (c) Identifying principal risks and ensuring the implementation of appropriate systems to manage the risks;
- (d) Maintaining an effective investor and shareholders communication policy;
- (e) Periodic review and adoption of the Company's business policies and strategies;
- (f) Board, Board Committees and Top Management succession planning; and
- (g) Review of the adequacy and integrity of the Company's internal controls and management information systems.

For the effective function of the Board, the Board has established the following Board Committees to assist in the discharge of its responsibilities: -

- (a) Audit and Risk Committee ("**ARC**"); and
- (b) Nomination and Remuneration Committee ("**NRC**").

The Board Committees operates within clearly defined Terms of Reference ("**TOR**") which were duly approved by the Board and are available for viewing at the Company's corporate website at [www.edenzil.com](http://www.edenzil.com).

### Executive Chairman and Executive Directors

Tan Sri Abd Rahim bin Mohamad, the Executive Chairman of the Company, while the following persons are the Executive Directors: -

No.	Name	Position
1.	Puan Sri Fadzilah binti Md Ariff	Executive Director
2.	Dato' Abdullah bin A. Rasol	Executive Director, Corporate Affairs
3.	Dato' Nik Mohd Fuad bin Wan Abdullah	Executive Director, Energy Sector

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)**

### **(I) BOARD RESPONSIBILITIES (cont'd)**

The roles of the Chairman and the respective Executive Directors are segregated and clearly defined in the Board Charter.

The Executive Chairman's role is to instil good corporate governance practices, being the leader of the Board and mentoring the Executive Director and Senior Management. Whilst, the Executive Directors of the Company is to manage the day-to-day management of the Company and the Group.

The Company also has an established policy and procedure on Limits of Authority which provides a clearly defined level of authority in relation to governance over transactions carried out and expenditure incurred by the Company.

#### **Company Secretaries**

The Board is supported by two (2) qualified and competent Company Secretaries, Ms. Chua Siew Chuan and Ms. Yeow Sze Min. Both Company Secretaries are qualified Chartered Secretaries under Section 235(2)(a) of the Companies Act 2016 and are members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA").

#### **Access to information and advice**

The Board has unrestricted access to all information within the Company, whether as a full board or in their individual capacity, which is necessary for the discharge of its responsibilities. The Company Secretaries ensures that the Board receives appropriate and timely information for its decision-making, that the Board meeting procedures are followed, and compliance with all the applicable statutory and regulatory requirements. The Board is regularly updated and apprised by the Company Secretaries who are experienced, competent and knowledgeable, on the laws and regulations (or any amendments thereto), as well as directives issued by the regulatory authorities. The Company Secretaries attend and ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory books kept at the registered office of the Company. The Company Secretaries also facilitate timely communication of decisions made by the Board at the Board meetings, to the Management for action. The Company Secretaries work closely with the Management to ensure that there are timely and appropriate information flows within and to the Board. The Directors also have the option of seeking independent professional advice in discharging their fiduciary duties.

The Directors are provided with the relevant agenda detailing the matters to be transacted at the meeting at least seven (7) days prior to each meeting and the Board papers detailing the key issues and recommendations, sufficient time prior to the meeting to enable the Directors to analyse the issues which call for their constructive decision-making and if required, to obtain further information and clarification before the meeting. The Board papers include reports on the Group's financial, operational and corporate development.

The Board of Directors delegates specific responsibilities to the respective Committees of the Board namely the ARC and the NRC in order to enhance business, corporate efficiency and effectiveness. The Chairman of the respective committees will brief the Board on the matters discussed at the committee meetings and minutes of these meetings are circulated to the full Board.

During the FYE 2018, the Minutes of meetings were circulated to the Directors in a timely manner after the conclusion of the meetings.

#### **Board's Commitment**

The number of meetings attended by each Director is as follows: -

<b>Directors</b>	<b>Designation</b>	<b>No. of Board Meetings Attended</b>	<b>%</b>
Tan Sri Abd Rahim bin Mohamad	Executive Chairman	7/7	100
Puan Sri Fadzilah binti Md Ariff	Executive Director	5/7	71.43
Dato' Mohamed Salleh bin Bajuri	Senior Independent Non-Executive Director	7/7	100
Dato' Anuarudin bin Mohd Noor	Independent Non-Executive Director	7/7	100
Datuk Seri Ahmad bin Hj. Kabit	Independent Non-Executive Director	7/7	100
Dato' Abdullah bin A. Rasol	Executive Director, Corporate Affairs	6/7	85.71
Dato' Nik Mohd Fuad bin Wan Abdullah	Executive Director, Energy Sector	7/7	100

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### (I) BOARD RESPONSIBILITIES (cont'd)

The Board met seven (7) times during the FYE 2018, each Director has attended more than 50% of the Board meetings held, thus fulfilling the requirement of the MMLR of Bursa Securities.

In compliance with the MMLR of Bursa Securities, all members of the Board had attended the Mandatory Accreditation Programme.

In relation to the requirement for Continuous Education Programme, the Board assumes the onus of determining or overseeing the training needs of the Directors of the Company. During the FYE 2018, the Directors have attended at least one (1) training programme/seminar/course to enable the Directors discharge their duties effectively.

The followings are some of the training programme/seminar/course attended by the Directors: -

Names of Directors	Training programme/seminar/course	Organisers
Tan Sri Abd Rahim bin Mohamad	• Key Disclosure Obligations of a Listed Company	• CKM Advisory Sdn. Bhd.
	• In-house training for the Directors and Management of Eden Inc. Berhad on the Strategic Plan for the Group	• Eden Inc. Berhad
Puan Sri Fadzilah binti Md Ariff	• Key Disclosure Obligations of a Listed Company	• CKM Advisory Sdn. Bhd.
	• In-house training for the Directors and Management of Eden Inc. Berhad on the Strategic Plan for the Group	• Eden Inc. Berhad
Dato' Mohamed Salleh bin Bajuri	• Key Disclosure Obligations of a Listed Company	• CKM Advisory Sdn. Bhd.
	• In-house training for the Directors and Management of Eden Inc. Berhad on the Strategic Plan for the Group	• Eden Inc. Berhad
	• In-house training organised for the Directors of SAM Engineering & Equipment (M) Berhad on Handling Media Interviews, Tricking Questions and Crisis Situations	• Meridian Communications
Dato' Anuarudin bin Mohd Noor	• Key Disclosure Obligations of a Listed Company	• CKM Advisory Sdn. Bhd.
	• In-house training for the Directors and Management of Eden Inc. Berhad on the Strategic Plan for the Group	• Eden Inc. Berhad
Datuk Seri Ahmad bin Hj Kabit	• Key Disclosure Obligations of a Listed Company	• CKM Advisory Sdn. Bhd.
	• In-house training for the Directors and Management of Eden Inc. Berhad on the Strategic Plan for the Group	• Eden Inc. Berhad
Dato' Abdullah bin A. Rasol	• Key Disclosure Obligations of a Listed Company	• CKM Advisory Sdn. Bhd.
	• In-house training for the Directors and Management of Eden Inc. Berhad on the Strategic Plan for the Group	• Eden Inc. Berhad
Dato' Nik Mohd Fuad bin Wan Abdullah	• Key Disclosure Obligations of a Listed Company	• CKM Advisory Sdn. Bhd.
	• In-house training for the Directors and Management of Eden Inc. Berhad on the Strategic Plan for the Group	• Eden Inc. Berhad
	• Conference of the Electric Power Supply Industry (CEPSI) 2018 Reimagining Utility of the Future	• Tenaga Nasional Berhad
	• Companies of the Future – The Role for Board	• Bursa Malaysia
	• Non-Financials – Does It Matter?	• Bursa Malaysia

### Board Charter

The Board Charter of the Company was established on 25 April 2017. The Board is guided by its Board Charter which outlines the Board's roles and responsibilities, formal schedule of matters reserved for the Board, authority, Board Committees and other guidance on the Board conduct.



## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)**

### **(I) BOARD RESPONSIBILITIES (cont'd)**

#### **Board Charter (cont'd)**

The Board Charter is subject to review by the Board as and when necessary to ensure it complies with all applicable laws, rules and regulations of the regulators and remain consistent with the policies and procedures of the Board. The Board Charter was reviewed and approved by the Board on 22 April 2019.

A copy of the Board Charter is available for viewing at the Company's corporate website at [www.edenzil.com](http://www.edenzil.com).

#### **Directors' Code of Ethics and Conduct**

The Company adopted the Director's Code of Ethics which described the standards of business conduct and ethical behaviour for the Directors in performing and exercising their responsibilities as the Director of the Company or when representing the Company including declaration of interests, conduct in meetings and guidelines in accepting gifts.

A copy of the Director's Code of Ethics is available for viewing at the Company's corporate website at [www.edenzil.com](http://www.edenzil.com).

#### **Whistleblowing Policy**

The Company expects the highest standards of integrity, probity, transparency and accountability from all employees to preserve and protect the Group's interest and reputation. Hence, the Board had on 25 April 2017 established a Whistleblowing Policy with the following objectives: -

- (a) To provide avenues for employees to disclose any acts of wrongdoing;
- (b) To assure the employees that they will be protected from reprisals, discrimination or victimisation for whistleblowing in good faith; and
- (c) To provide a formal mechanism for action on all whistleblowing reports made and any matters of wrongdoing reported by other sources (e.g. from the Management, Group Internal Audit, etc.)

A copy of the Whistleblowing Policy is available for viewing at the Company's corporate website at [www.edenzil.com](http://www.edenzil.com).

As at the date of this Statement, the Company has not received any complaint under this procedure.

### **(II) BOARD COMPOSITION**

The Board is currently composed of seven (7) Board members. The four (4) Executive Directors comprise of an Executive Chairman, an Executive Director, an Executive Director (Corporate Affairs) and an Executive Director (Energy Sector), who provide full and effective control of the Group's business affairs, whilst the check and balance are provided by the three (3) Independent Non-Executive Directors.

The three (3) Independent Non-Executive Directors represent the compliance with the requirement of one-third (1/3) of the Board are Independent Directors pursuant to Paragraph 15.02(1) of the MMLR of Bursa Securities.

#### **Tenure of Independent Director**

Dato' Mohamed Salleh bin Bajuri ("**Dato' Salleh**"), who was appointed as an Independent Director ("**ID**") of the Company since 11 April 2002 and has since served in the capacity for cumulative term exceeding nine (9) years. Pursuant to Practice 4.2 of the MCGG 2017, Dato' Salleh's tenure as an ID should not exceed a cumulative of nine (9) years and the Board must justify and seek shareholders' approval in the event it retains him as an ID.



## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### (II) BOARD COMPOSITION (cont'd)

Pursuant to the commentary in respect of the Practice 4.2 of the MCGG 2017, notwithstanding Dato' Salleh's tenure in office as an ID of more than nine (9) years, the Board has recommended the retention of Dato' Salleh as an ID of the Company for shareholders' approval at the Fortieth Annual General Meeting held on 6 June 2018, through two-tier voting process based on the assessment of the NRC that Dato' Salleh's independence has not been compromised or impaired in any way after assessing the following considerations or criteria: -

- (a) Dato' Salleh continues to fulfil the definition of ID as set out under Paragraph 1.01 of the MMLR of Bursa Securities;
- (b) During Dato' Salleh's tenure in office, Dato' Salleh has not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Executive Chairman and Executive Directors, major shareholders or Management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an ID, the Chairman of the ARC and member of the NRC;
- (c) During Dato' Salleh's tenure in office, he has never transacted or entered into any transactions with, or provided any services to, the Company and its subsidiaries of the Executive Chairman, Executive Directors, or major shareholders or Management of the Company (including their family members) within the scope and meaning as set forth under Paragraph 5 of Practice Note of MMLR of Bursa Securities;
- (d) During Dato' Salleh's tenure in office, he has not been offered or granted any options by the Company. Apart from the Director's fees and allowances paid which had been the norm and had been duly disclosed in the annual reports, no other incentives or benefits or whatsoever nature had been paid to him by the Company; and
- (e) During Dato' Salleh's tenure in office, he has not been engaged as an adviser by the Company under such circumstances as prescribed by the Bursa Securities or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by Bursa Securities; or has not engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or listed issuer) which has engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities.

The Board will, from time to time, review its composition and size while at the same time having due regard for diversity in skills, experience, age, cultural background and gender.

In considering candidates for directorship, the NRC does not solely rely on recommendations from the existing board members, management or major shareholders. The Nomination Committee would take into account the following: -

- (a) skill, knowledge, expertise, experience;
- (b) character;
- (c) professionalism;
- (d) integrity; and
- (e) the ability to discharge such responsibilities and functions as expected from a director.

### Tenure of Independent Director

Currently, the Board is supportive towards the boardroom gender diversity with one (1) female Director sits in the Board. During the FYE 2018, there was no new Director appointed to the Board of the Company.

### Annual Evaluation

For the financial year ended 31 December 2018, the NRC has conducted the following assessments and its results were compiled by the Company Secretaries and tabled at the NRC meeting for review. The NRC has then reported the same to the Board for notation: -

Evaluation	Assessment criteria
Individual Directors	<ul style="list-style-type: none"><li>• Fit and proper;</li><li>• Contribution and performance; and</li><li>• Calibre and personality.</li></ul>

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)**

### **(II) BOARD COMPOSITION (cont'd)**

#### **Annual Evaluation (cont'd)**

<b>Evaluation (cont'd)</b>	<b>Assessment criteria</b>
Board and Board Committee	<ul style="list-style-type: none"> <li>• Board mix and composition;</li> <li>• Quality of information and decision making;</li> <li>• Boardroom activities; and</li> <li>• Board Committees' Performance</li> </ul>
Audit and Risk Committee	<ul style="list-style-type: none"> <li>• Quality and composition</li> <li>• Skills and Competencies</li> <li>• Meeting Administration and Conduct</li> <li>• Duties and Responsibilities</li> </ul>
Independence of the Independent Directors	<ul style="list-style-type: none"> <li>• Independence criteria in accordance with Paragraph 1.01 and Practice Note 13 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad</li> </ul>

Based on the assessments conducted for the FYE 2018, the NRC was satisfied with the performance of the Board as a whole, the Board Committees and each individual Director.

#### **NRC**

The members of the NRC comprise two (2) Independent Non-Executive Directors as follows and the meetings held during the FYE 2018 are set out below: -

<b>NRC</b>	<b>Membership</b>	<b>Designation</b>	<b>No. of NRC Meetings Attended</b>	<b>%</b>
Dato' Anuarudin bin Mohd Noor	Chairman	Independent Non-Executive Director	2/2	100
Dato' Mohamed Salleh bin Bajuri	Member	Senior Independent Non-Executive Director	2/2	100

The NRC is made up of two (2) Directors whom all are independent and is presently chaired by Dato' Anuarudin bin Mohd Noor.

The summary of works of the NRC for the FYE 2018, were as follows:

- Reviewed the composition of the board of the subsidiaries of the Company;
- Reviewed the effectiveness of the Board of Directors as a whole and the Board Committee and the contribution and performance of each individual director;
- Recommend the re-election of Directors;
- Reviewed the independency of the Independent Directors;
- Recommend the retention of Dato' Salleh as an Independent Director of the Company;
- Reviewed and recommend training programmes for the Board;
- Reviewed and recommend the Directors' fees and Directors' benefits; and
- Reviewed and recommend the remuneration packages of the Executives Directors.

### **(III) REMUNERATION**

The Board has in placed Remuneration Policy for the Directors and senior management personnel which takes into account the demands, complexities and performance of the Group as well as skills and experience required.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### (III) REMUNERATION (cont'd)

The objective of the Remuneration Policy are as follows:

- (a) To provide a level of remuneration that motivates, encourages, attracts and retains employee of highest calibre;
- (b) To ensure that the total remuneration shall be set at levels are competitive with the relevant market and industry and align with shareholders' interest and best market practice;
- (c) To provide remuneration that is performance-based;
- (d) To provide an appropriate level of transparency to ensure the policy underlying remuneration is understood by investors; and
- (e) To ensure a level of equity and consistency.

A copy of the Remuneration Policy is available for viewing at the Company's corporate website at [www.edenzil.com](http://www.edenzil.com).

The details of the remuneration of the Directors who served during the FYE 2018 are as follows:

	Directors' fee (RM)	Salaries and Other Emoluments (RM)	EPF Contribution (RM)	Benefits-In-Kind (RM)	Total (RM)
<b>COMPANY</b>					
<b>Non-Executive Directors</b>					
Dato' Mohamed Salleh bin Bajuri	40	-	-	-	40
Dato' Anuarudin bin Mohd Noor	30	-	-	-	30
Datuk Seri Ahmad bin Hj. Kabit	30	-	-	-	30
Subtotal	100	-	-	-	100
<b>Executive Directors</b>					
Tan Sri Abd Rahim bin Mohamad	60	1,340	282	129	1,811
Puan Sri Fadzilah bin Md Ariff	30	506	97	103	736
Dato' Abdullah bin A. Rasol	30	298	19	65	412
Dato' Nik Mohd Fuad bin Wan Abdullah	30	-	-	-	30
Subtotal	150	2,144	398	297	2,989
<b>TOTAL</b>	<b>250</b>	<b>2,144</b>	<b>398</b>	<b>297</b>	<b>3,089</b>

### **GROUP**

#### **Non-Executive Directors**

Dato' Mohamed Salleh bin Bajuri	40	-	-	-	40
Dato' Anuarudin bin Mohd Noor	30	-	-	-	30
Datuk Seri Ahmad bin Hj. Kabit	30	-	-	-	30
Subtotal	100	-	-	-	100

#### **Executive Directors**

Tan Sri Abd Rahim bin Mohamad	60	1,340	282	141	1,823
Puan Sri Fadzilah bin Md Ariff	30	506	97	123	756
Dato' Abdullah bin A. Rasol	40	298	19	80	437
Dato' Nik Mohd Fuad bin Wan Abdullah	30	262	40	37	369
Subtotal	160	2,406	438	381	3,385
<b>TOTAL</b>	<b>260</b>	<b>2,406</b>	<b>438</b>	<b>381</b>	<b>3,485</b>

\*The payment of the Directors' fees of the Company is subject to the approval by shareholders at the Annual General Meeting.

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)**

### **(III) REMUNERATION (cont'd)**

The Company departs from Practice 7.2 of the MCCG 2017 and did not disclose the remuneration breakdown by named basis for its top five (5) senior management. The board is of the view that, given the disclosure of the remuneration of the top five (5) senior management will give rise to recruitment and talent retention issues and may lead to the performing senior management staff being lured away by competitors and hence, the Group may lose high calibre personnel who have been contributing to the Group's performance.

The Board will ensure that the remuneration for the senior management is commensurate with their performance in order to attract, retain and motivate them to contribute positively to the Group's performance.

The Company has disclosed the aggregate total remuneration of all key senior management personnel for the financial year ended 31<sup>st</sup> December 2018, under Note 33 (b) of the Financial Statements at page 134 of the Annual Report.

## **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**

The Company's financial statements are prepared in accordance with the requirements of the provisions of the Companies Act 2016 and applicable approved accounting standards to ensure that the financial statements of the Company present a balanced and fair assessment of the state of affairs of the Company. In presenting the financial statements, the Company used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates, and prepared on an ongoing basis.

The ARC assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness.

The Statement of Directors' Responsibility in respect of the Audited Financial Statements pursuant to Paragraph 15.26(a) of the MMLR of Bursa Securities is set out at pages 60 of the Annual Report.

### **(I) ARC**

The ARC is chaired by Dato' Salleh, which is a separate person from the Chairman of the Board, Tan Sri Abd Rahim bin Mohamad.

The composition of the ARC is set out in the Audit and Risk Committee Report of this Annual Report.

Terms of Reference of ARC indicates that the appointment of a former key audit partner as a member of the ARC shall observe a cooling-off period of at least two (2) years before he/she can be appointed as a member of the ARC.

The members of the ARC collectively have the appropriate and necessary skills and a wide range of experience and expertise in areas such as accounting and auditing, taxation, finance and economics.

In addition, the members of the ARC have attended various continuous trainings and development programmes as detailed in the Annual Report.

#### **Assessment on External Auditors**

The ARC has established the External Auditors' ("EA") Policy and Procedures on 25 April 2017 which outlines the authority, scope, policies and procedures in appointing, reappointing and assessing the EA.

For the financial year ended 31 December 2018, the ARC had conducted assessment of the suitability, objectivity and independence of the EA, namely Messrs. Afrizan Tarmili Khairul Azhar ("AFTAAS") prior to AFTAAS's appointment. The ARC has assessed AFTAAS based on several factors, including independence of the EA, quality of audit review procedures, adequacy of the firm's expertise and its resources to carry out the audit work that they were tasked with and the extent of the non-audit services rendered.

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

#### (II) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has the overall responsibility and affirms the importance of maintaining a sound system of internal control and risk management including reviewing its adequacy and integrity.

The Statement on Risk Management and Internal Control as set out in the Annual Report provides an overview of the state of Risk Management and internal controls within the Group.

##### Internal Audit Function

The Group's internal audit and risk assurance function is independent from the Management. The audit is performed with impartiality, proficiency and due professional care. The internal audit and risk assurance review of the operating units is an independent and objective assessment of a unit's compliance with internal control.

An internal audit and risk assurance review highlights major weaknesses in control procedures and make recommendations for improvements.

For the FYE 2018, Messrs. JKO Associates was appointed to provide internal audit services to the Group. The outsourced Internal Auditors report directly to the ARC providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The purpose of the internal audit function is to provide the Board, through the ARC, assurance of the effectiveness of the system of internal control in the Group.

A summary of the activities of the ARC together with Messrs. JKO Associates during FYE 2019 is set out in the Audit and Risk Committee Report in the Annual Report.

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

The Board recognises the importance of effective communication with the investors of the Company that enables the Board and the Management to convey information about the Group's performance, corporate strategy and other matters affecting the shareholders' interest.

The Board has adopted the following measures with regards to communication with the Company's shareholders: -

- (a) Regular announcements to Bursa Securities;
- (b) Annual reports;
- (c) General meetings; and
- (d) Corporate website.

Notice of the General Meeting is sent out at least twenty-eight (28) days before the date of the meeting so as to enable the shareholders to have full information about the General Meetings and to facilitate informed decision-making. Full explanation of the effects of a proposed resolution of any special business will accompany the notice of General Meetings.

All the members of the Board and Chairmen of the Board Committees will be present at the Annual General Meeting to address the shareholders' enquiry and concerns.

The Company did not adopt the integrated reporting based on a globally recognised framework as the Company is not classified as "Large Company".



## ADDITIONAL COMPLIANCE INFORMATION

### 1. Utilisation of Proceeds

During the financial year, the proceeds from the issuance of Redeemable Convertible Notes ("RCN") are to be utilised for the following purposes:

Purpose	Proposed Utilisation RM	Issuance in 2018 RM	Balance RM
Repayment of the Group's borrowings	24,000,000	-	24,000,000
Finance the working capital requirement and/or capital expenditure of the Group	30,100,000	(9,262,290)	20,837,710
Defray fees and expenses in connection to the issuance of the RCN	5,900,000	(1,737,710)	4,162,290
Total	60,000,000	(11,000,000)	49,000,000

The information of the RCN is explained further in the Notes 31 of this Annual Report.

### 2. Audit and Non-Audit Fees

The fees paid/payable to the external auditors, Messrs Afrizan Tarmili Khairul Azhar in relation to the audit and non-audit fees for the financial year ended 31 December 2018 are as follows:

	Group (RM)	Company (RM)
Audit fees	352,680	154,000
Non Audit fees	106,500	27,000

### 3. Material Contracts

There were no material contracts executed by the Company and its subsidiaries involving Directors' and major shareholders' interests, which were still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

### 4. Revaluation Policy on Landed Properties

The revaluation policy of the Company is disclosed in Note 3 (f) to the financial statements.

### 5. Recurrent Related Party Transaction of Revenue Nature

The details of the transactions with related parties undertaken by the Group during the financial year are disclosed in Note 33 of this Annual Report.

## CONCLUSION

The Board is satisfied that for the FYE 2018, it complies substantially with the principles and practices of the MCCG 2017.

This Statement and the Corporate Governance Report have been approved by the Board in accordance with a resolution of the Board of Directors dated 22<sup>nd</sup> April 2019.

# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

## INTRODUCTION

The Board of Directors of Eden Inc. Berhad (**"the Board"**) is pleased to provide the following Statement on Risk Management and Internal Control. Board's Risk Management and Internal Control (**"the statement"**) pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements (**"Bursa Securities Listing Requirements"**). This Statement takes into account of the statement on Risk Management and Internal Control: the Guidelines for Directors of Listed Issuers (**"Guidelines"**) and the Malaysian Code on Corporate Governance.

Set out below is the statement which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2018 (**"FYE 2018"**).

## RESPONSIBILITY

The Board acknowledges its responsibility to maintain a sound system of risk management and internal control including reviewing its adequacy and integrity, which aims to:

- a. safeguard shareholders' investments and Group's assets;
- b. ensure that proper accounting records are maintained;
- c. ensure that financial information used within the business and for publication to the public is reliable; and
- d. ensure compliance with applicable laws and regulations.

The risk management and internal control system is an ongoing process design to meet the Group's particular needs and to manage the risks associated with operations, financials and compliance. The Board believes that the business and operation environment in the Group is conducive and is adequate for the Group to accomplish its mission and business objectives.

The Board is aware that risk management and internal controls are designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against the risk of material error, misstatement, fraud or occurrence of unforeseeable circumstances. The Board periodically reviews the adequacy and integrity of the Group's system of risk management and internal control with the assistance of both the Audit and Risk Committee and the Risk Management Committee.

## ENTERPRISE RISK MANAGEMENT

The Board regards risk management as an integral part of the Group's business operations and confirms that there is a formal and ongoing process to identify, evaluate, monitor and manage significant risks faced by the Group. This process has been put in place for the FYE 2018 under review and is reviewed periodically by the Board up to the date of approval of the Statement through the Audit and Risk Committee which is supported by the Internal Audit and Risk Assurance Department.

The Group's risk management process is managed by the Risk Management Committee chaired by the Executive Director of Energy Sector and comprises senior management and the respective heads of business sectors. The Risk Management Committee meets periodically to review operational risk as well as identify new risks that could cause significant impact on the growth of the business.

## RISK MANAGEMENT PROCESS

The Board realises that the key success lies in how the risk is managed, by putting in place clear risk management processes that describe the steps taken to mitigate risk as it occurs, to meet the Group's objective.

The management of risk within the Group is undertaken by the respective operational functions within the Group and monitored by the Risk Management Committee.

## RISK MANAGEMENT PROCESS (cont'd)

This risk management process is as follows:-



## RISK MANAGEMENT STRUCTURE

In order to have an effective risk management process, it is essential to establish a risk management structure to ensure the role, responsibilities and accountabilities in managing risk are clearly defined and communicated. The Group has identified four (4) levels of authority in order to promote responsibility and accountability of managing risks, as follows:



### 1. Board of Directors

The Board sets the risk parameters of the Group. The primary roles of the Board include reviewing risks that will have a significant impact on the business and ensuring the implementation of appropriate policies to manage these risks. Through the Risk Management Committee, the Board sets the risk appetite for the Group's businesses.

### 2. Audit and Risk Committee

The Audit and Risk Committee facilitates the Risk Management Committee and the Board in managing risks highlighted by the Risk Management Committee. The Audit and Risk Management Committee provides useful insights to the risk owners on efficient and adequate risk management. The Audit and Risk Committee is under the purview of the Board.

### 3. Risk Management Committee

The main responsibility of the Risk Management Committee is to provide regular reports and updates to the Board and Audit and Risk Committee on risk management issues as well as ad-hoc reporting and reporting on matters such as financials, operational and compliance. The Risk Management Committee is also responsible for ensuring Enterprise Risk Management parameters are set and thoroughly reviewed throughout the businesses of the Group.

### RISK MANAGEMENT STRUCTURE (cont'd)

#### 4. Risk Working Committee

The Risk Working Committee consists of representatives from the business unit heads. The members of Risk Working Committee discuss the business unit risks at the Risk Management Committee's meeting where their respective reports would be deliberated.

Business unit heads work towards effective identification and mitigation of the day-to-day risks at the operation level. The business unit heads work closely with operational staff and ensure that risk management techniques are applied and practised in all aspects of the management and operation within the respective units. The business unit heads are also responsible for indicating foreseeable risks that could hinder the business units from achieving their business objectives.

In addition, the Risk Working Committee is responsible for deliberating on risks presented by business units heads and also contribute towards identifying risks that have yet to be brought to the attention of Risk Working Committee by the respective business units heads. Significant risk issues are highlighted for further deliberation by the Risk Management Committee.

### KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group's internal control system are as follows:-

#### 1. Line of Reporting

An organisational structure with clearly defined lines of responsibilities and accountability and delegation of authority for management at various levels of administration and operation.

#### 2. Limit of Authority

A well-defined financial limit of authority on all financial commitments for each level of Management is available within the Group. The financial authority limits are subject to periodic review throughout the year so as to ensure their suitability for continuous implementation. Policies and procedures on such limits are documented to guide staff at all levels in the performance of their duties.

#### 3. Policies and Procedures

Clearly documented internal policies and procedures set out in a series of standard operating policies and procedures. These documents are subject to regular review and improvement to meet changing business, operational and statutory reporting needs.

#### 4. Internal Audit Function

Internal Audit and Risk Assurance Department was partially outsourced to an external firm, who is responsible to assist the Audit and Risk Committee in providing independent assessment on the adequacy, efficiency and effectiveness of internal control system and ensuring operational compliance with standard operating procedures within the Group, and reports are made to the Audit and Risk Committee on a quarterly basis. The Audit and Risk Committee also has full access to both internal and external auditors and receives reports on all audits performed.

The Internal Audit and Risk Assurance Department undertakes regular and systematic review of the internal controls, providing the Audit and Risk Committee and the Board with sufficient independent assurance that the system of risk management and internal control is effective in identifying and addressing risk.

### KEY ELEMENTS OF INTERNAL CONTROL (cont'd)

The key elements of the Group's internal control system are as follows (cont'd):-

#### 5. Risk Management

The monitoring of control procedures is achieved through the Risk Management Committee, whose members consist of the respective heads of business sectors. This is complemented by review undertaken by the internal audit function on each operating unit. Regular reports are produced and presented to the Risk Management Committee and the Audit and Risk Committee which will assess the impact of control issues and review remedial action implemented by the management.

#### 6. Human Resource Development

There are proper guidelines within the Group for recruitment, training and personal development of staffs at all levels. Training is provided on various areas of work to ensure staffs at all levels are proficient and competent in handling their job functions.

#### 7. Financial and Operational Review

The quarterly management accounts and the quarterly financial statements containing key financial results, operational performance results and comparisons of performance against the budget are presented to the Board for their review, consideration and approval.

#### 8. Management Visits

Regular visits are conducted by Group's Directors and Senior Management members to operating sites and principal offices to review the Group's operations and gain better understanding to facilitate informed decision.

### ASSURANCE PROVIDED BY THE EXECUTIVE CHAIRMAN AND THE EXECUTIVE DIRECTOR OF CORPORATE AFFAIRS

In line with the Guidelines, the Executive Chairman and the Executive Director of Corporate Affairs have provided assurance to the Board stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects based on the risk management and internal control of the Company, to meet the Group's objective during the FYE 2018 and up to the date of the Statement.

### CONCLUSION

The Board is of the view that the internal control and risk management systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report, to improve the Group's internal control and risk management systems in meeting the Group's strategic objectives.

The Statement is made in accordance with a resolution of the Board of Directors dated 22<sup>nd</sup> April 2019.

### REVIEW BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Bursa Listing Requirements, the external auditors, Messrs. Afrizan Tarmili Khairul Azhar have reviewed the Statement for and reported to the Board that nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the systems of internal control and risk management of the Group.



# AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee of Eden Inc. Berhad is pleased to present the Audit and Risk Committee Report for the financial year ended 31 December 2018.

## 1. MEMBERSHIP

The members of the Audit and Risk Committee comprise of three (3) Independent Non-Executive Directors as follows:-

Chairman : Dato' Mohamed Salleh Bin Bajuri  
Senior Independent Non-Executive Director

Members : Dato' Anuarudin Bin Mohd Noor  
Independent Non-Executive Director

Datuk Seri Ahmad Bin Hj. Kabit  
Independent Non-Executive Director

## 2. TERMS OF REFERENCE

### 2.1 COMPOSITION OF AUDIT AND RISK COMMITTEE

The Board shall appoint the Audit and Risk Committee members from amongst themselves, comprising no fewer than three (3) directors, all of whom shall be non-executive directors, where the majority shall be independent directors.

In this respect, the Board adopts the definition of "independent director" as defined under the Bursa Malaysia Securities Berhad ("**Bursa Securities**" or "**the Exchange**") Main Market Listing Requirements.

All members of the Audit and Risk Committee should be financially literate and at least one member of the Audit and Risk Committee must be:-

- a. a member of the Malaysian Institute of Accountants ("**MIA**"); or
- b. if he is not a member of MIA, he must have at least 3 years of working experience and:
  - i. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - ii. he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- c. fulfils such other requirements as prescribed by the Exchange.

The Board must ensure that no Alternate Director is appointed as a member of the Audit and Risk Committee. The members of the Audit and Risk Committee shall elect a chairman from amongst their number who shall be an Independent Director.

The term of office and performance of the Audit and Risk Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Audit and Risk Committee members have carried out their duties in accordance with their terms of reference.

### Retirement and Resignation

If a member of the Audit and Risk Committee resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated in paragraph 2 above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

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**2. TERMS OF REFERENCE (cont'd)****2.2 CHAIRMAN**

The members of the Audit and Risk Committee shall elect a Chairman from amongst their number who shall be an independent director.

In the absence of the Chairman of the Audit and Risk Committee, the other members of the Audit and Risk Committee shall amongst themselves elect a Chairman who must be independent director to chair the meeting.

**2.3 SECRETARY**

The Company Secretary shall be the Secretary of the Audit and Risk Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

**2.4 MEETINGS**

The Audit and Risk Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Minutes of each meeting shall be kept and distributed to each member of the Audit and Risk Committee and also to the other members of the Board of Directors. The Audit and Risk Committee Chairman shall report on each meeting to the Board of Directors. Upon the request of the external auditors, the Chairman of the Audit and Risk Committee shall convene a meeting of the Audit and Risk Committee to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.

Notice of the Audit and Risk Committee meetings shall be given to all the Audit and Risk Committee members unless the Audit and Risk Committee waives such requirement.

The Chairman of the Audit and Risk Committee shall engage on a continuous basis with the Executive Chairman, the Executive Directors, the internal and external auditors in order to be kept informed of matters affecting the Company.

The Executive Directors, a representative of the internal and external auditors respectively should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit and Risk Committee. The Audit and Risk Committee shall be able to convene meeting with the external auditors, the internal auditors of both without executive Board members or employees present whenever deemed necessary and at least twice a year with the external auditors.

Questions arising at any meeting of the Audit and Risk Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit and Risk Committee shall have a second or casting vote.

**2.5 MINUTES**

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit and Risk Committee and also to the other members of the Board. The Audit and Risk Committee Chairman shall report on the proceeding of each meeting to the Board.

The minutes of the Audit and Risk Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

## 2. TERMS OF REFERENCE (cont'd)

### 2.6 QUORUM

The quorum for the Audit and Risk Committee meeting shall be the majority of members present whom must be independent directors.

A resolution in writing signed by a majority of the Audit and Risk Committee members for the time being shall be as valid and effectual as if it had been passed at a meeting of the Audit and Risk Committee duly called and constituted. Any such resolution may consist of several documents in like form each signed by one (1) or more Audit and Risk Committee members. Any such document may be accepted as sufficiently signed by an Audit and Risk Committee member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message to include a signature of an Audit and Risk Committee member.

### 2.7 REPORTING

The Audit and Risk Committee shall report to the Board of Directors, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The Audit and Risk Committee shall report to the Board of Directors on any specific matters referred to it by the Board for investigation and report.

### 2.8 OBJECTIVES

The principal objectives of the Audit and Risk Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit and Risk Committee shall:

- evaluate the quality of the audits performed by the internal and external auditors;
- provide assurance that the financial information presented by management is relevant, reliable and timely;
- oversee compliance with laws and regulations and observance of a proper code of conduct; and
- determine the quality, adequacy and effectiveness of the Group's control environment;

### 2.9 AUTHORITY

The Audit and Risk Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the expense of the Company,

- a. have explicit authority to investigate any activity within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit and Risk Committee;
- b. have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group;
- c. obtain, at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary;
- d. have direct communication channels with the internal and external auditors and person(s) carrying out the internal audit function or activity (if any); and
- e. where the Audit and Risk Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements, the Audit and Risk Committee shall promptly report such matter to Bursa Securities.

## **2. TERMS OF REFERENCE (cont'd)**

### **2.10 DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Audit and Risk Committee are as follows:-

- a. To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;
- b. To establish policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors;
- c. To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- d. To review with the external auditors the evaluation of the system of internal controls and the audit report;
- e. To review the quarterly and year-end financial statements of the Company before submission to the Board, focusing particularly on:-
  - any change in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with applicable financial reporting standards and other legal requirements.
- f. To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);
- g. To review the external auditors' management letter and management's response;
- h. To do the following, in relation to the internal audit function:-
  - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - review the internal audit plan, consider the internal audit reports and findings of the internal auditors, fraud investigations and actions and steps taken by Management in response to audit findings;
  - review any appraisal or assessment of the performance of members of the internal audit function; and
  - approve any appointment or termination of senior staff members of the internal audit function.
- i. To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- j. To report its findings on the financial and management performance, and other material matters to the Board;
- k. To consider the major findings of internal investigations and management's response;
- l. To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;
- m. To monitor the integrity of the Company's financial statements;
- n. To monitor the independence and qualification of the Company's external auditors;
- o. To monitor the performance of the Company's internal audit function;



## 2. TERMS OF REFERENCE (cont'd)

### 2.10 DUTIES AND RESPONSIBILITIES (cont'd)

The duties and responsibilities of the Audit and Risk Committee are as follows (cont'd):-

- p. To monitor the Company's compliance with relevant laws, regulations and code of conduct;
- q. To review the adequacy and effectiveness of risk management, internal control and governance systems; and
- r. To consider and examine such other matters as the Audit and Risk Committee considers appropriate; and
- s. To consider other matters as defined by the Board.

## 3. ATTENDANCE

During the financial year ended 31 December 2018, the Audit and Risk Committee held a total of five (5) meetings. The details of attendance of the Audit and Risk Committee members are as follows:

Name of Committee Member	Number of Meetings Attended/Held
Dato' Mohamed Salleh Bin Bajuri	5/5
Dato' Anuarudin Bin Mohd Noor	5/5
Datuk Seri Ahmad Bin Hj. Kabit	5/5

Representatives of Management, internal auditors and the external auditors also attended the above meetings at the invitation of the Chairman.

## 4. ACTIVITIES OF THE AUDIT AND RISK COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The summary of activities of the Audit and Risk Committee in the discharge of its duties and responsibilities for the financial year ended 31 December 2018 includes the following:

- a. Review of Financial Statements
  - i. Reviewed the unaudited quarterly report and annual report of the Company and Group prior to submission to the Board of Directors for consideration and approval.
  - ii. Reviewed the draft audited financial statements of the Company and Group and ensured that the financial reporting and disclosure requirements of the relevant authorities are duly complied with prior to submission to the Board for consideration and approval.
- b. Matters relating to External Audit
  - i. Meeting with external auditors twice a year without the presence of the executive Board members and Management.
  - ii. Reviewed the external auditor's appointment, scope of work and planning memorandum for the Company and the Group covering the audit objectives and approach, key audit areas and relevant accounting standards and other relevant pronouncements.
  - iii. Reviewed the results of the audit, audit report and findings on the financial and management performance of the Company and Group and reported to the Board of Directors.
  - iv. Reviewed the proposed audit fees for the external auditors in respect of their audit of the Group and of the Company for the financial year ended 31 December 2018.

#### **4. ACTIVITIES OF THE AUDIT AND RISK COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)**

The summary of activities of the Audit and Risk Committee in the discharge of its duties and responsibilities for the financial year ended 31 December 2018 includes the following (cont'd):

- c. Matters relating to Internal Audit
  - i. Reviewed the Annual Audit and Risk Assurance Plan to ensure adequate scope and coverage on the activities of the Group based on the identified and assessed key risk areas.
  - ii. Reviewed the Risk Based Internal Audit Reports in respect of the audit recommendations, Management responses as well as actions taken to improve the system of internal control and procedure.
- d. Other matters
  - i. Deliberated on the Group's financial performance, business development, management and corporate issues and recommendation for approvals of any key business strategies and actions that may affect the Group.
  - ii. Discussed the implications of any changes and pronouncements on the Company and the Group, which were issued by the accountancy, statutory and regulatory bodies.

#### **5. INTERNAL AUDIT FUNCTION**

The Board of Directors and the Audit and Risk Committee are assisted by the in-house Internal Audit and Risk Assurance Department in maintaining a sound system of internal control. The Internal Audit and Risk Assurance Department reports to the Audit and Risk Committee on the performance of its duties and is guided by its Audit Charter in its independent appraisals.

The primary role of internal audit is to provide independent assurance to the Board that:

- a. The Group's policies and guidelines have been communicated, implemented and are working as intended; and
- b. Risk areas have been identified and there are effective internal control systems over all aspects of the Group's business and operations.

The Internal Audit and Risk Assurance Department is responsible for developing and executing an effective audit plan to provide the Board with assurance that the systems of internal control and of the Group achieved the following:

- a. The business is planned and conducted in an orderly, prudent, efficient and cost effective manner;
- b. Transactions and commitments are entered into in accordance with management authority;
- c. Management is able to safeguard the assets and control the liabilities of the Group, i.e. there are measures to minimize and to detect the loss from irregularities, fraud and errors; and
- d. The accounting and other records of the business provide complete, accurate and timely information.

During the financial year 2018, Risk Based Internal Audit Reports prepared by the Internal Audit and Risk Assurance Department incorporating key issues, audit implication and actions being taken by management were tabled to the Audit and Risk Committee. Follow-up audits were also conducted and the status of implementation on the agreed upon actions were tabled to the Audit and Risk Committee.

Going forward, the internal audit function will enhance its risk based auditing techniques, the level of staff expertise, internal controls and corporate governance processes to assist the Group in achieving its corporate goals.

The total cost incurred for the internal audit function of the Group in respect of the financial year ended 31 December 2018 is approximately RM112,042.

# STATEMENT ON DIRECTORS' RESPONSIBILITY

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In accordance with the provisions of the Companies Act 2016 ("CA 2016") and the applicable approved accounting policies, the Directors are required to prepare financial statements that give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and the results and cash flows for that year then ended.

The Directors consider that, in preparing the audited annual financial statements:

- (a) the Group and the Company had used appropriate accounting policies which are consistently applied;
- (b) reasonable and prudent judgments and estimates were made; and
- (c) complete disclosures of all information required under the CA 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad have been made and complied with.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the CA 2016.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

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# DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the investment holding and provision of management services. The principal activities and other information relating to the subsidiaries are described in Note 18 to the financial statements.

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

## FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss and other comprehensive expense for the year	(9,029)	(36,210)
<b>Attributable to:</b>		
Owners to the company	(7,886)	(36,210)
Non-controlling interests	(1,143)	-
	(9,029)	(36,210)

There was no material transfer to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

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

## DIVIDENDS

There were no dividend proposed, declared or paid by the Company during 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.

## SHARES AND DEBENTURES

During the financial year, the Company has issued shares through Redeemable Convertible Notes as disclosed in Note 26 to the financial statements.

No new debentures were issued during the financial year.

## DIRECTORS

The names of the Directors of the Company in office since the date of last report to the date of this report are:-

Tan Sri Abd Rahim Bin Mohamad  
Puan Sri Fadzilah Binti Md Ariff  
Dato' Mohamed Salleh Bin Bajuri  
Dato' Anuarudin Bin Mohd Noor  
Datuk Seri Ahmad Bin Hj. Kabit  
Dato' Abdullah Bin A. Rasol  
Dato' Nik Mohd Fuad Bin Wan Abdullah

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Fara Nadia Binti Abd Rahim  
Dato' Mohd Ramli Bin Mohamad  
Datin Fara Ikma Binti Abd Rahim  
Fara Suria Binti Abd Rahim  
Ting Kam Cheong  
Lew Min Fatt  
Dato' Ghazali Bin Mat Ariff  
Shamsul Qamar Bin Mohamad  
Mohd Fikri Bin Ahmad Zaighu  
Datuk Fakhri Yassin Bin Mahiaddin  
Kamarul Baharin Bin Che Mohamed  
Muhamad Anuar Bin Mat Bakar

## DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings under Section 59 of the Companies Act 2016, the interests of Directors in office at the end of the year in the ordinary shares of the Company during the financial year are as follows:

	Number of Ordinary Shares			
	As at			As at
Name of the directors	1.1.2018	Acquired	Sold	31.12.2018
Ordinary Shares of the Company				
<u>Direct interests</u>				
Puan Sri Fadzilah Binti Md Ariff	4,861,900	-	-	4,861,900
Dato' Mohamed Salleh Bin Bajuri	375,000	-	-	375,000
Dato' Anuarudin Bin Mohd Noor	20,000	-	-	20,000
<u>Indirect interests</u>				
Tan Sri Abd Rahim Bin Mohamad *	86,687,471	-	-	86,687,471
Puan Sri Fadzilah Binti Md Ariff #	8,893,300	-	-	8,893,300

## DIRECTORS' INTERESTS (cont'd)

According to the Register of Directors' Shareholdings under Section 59 of the Companies Act 2016, the interests of Directors in office at the end of the year in the ordinary shares of the Company during the financial year are as follows (cont'd):

	Number of Ordinary Shares			
	As at 1.1.2018	Acquired	Sold	As at 31.12.2018
Ordinary shares of the holding company, ZESB				
<u>Direct interests</u>				
Tan Sri Abd Rahim Bin Mohamad	5,000,000	-	-	5,000,000

\* By virtue of his interest in Zil Enterprise Sdn. Bhd. ("ZESB") and his daughter's shareholding in the Company, who is not a director of the Company.

# By virtue of her daughter's shareholding in the Company, who is not a director of the Company.

Pursuant to Section 8 of the Companies Act 2016, Tan Sri Abd Rahim Bin Mohamad by virtue of his interest in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

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

## DIRECTORS' BENEFITS

During and at the end of the financial year, there is no arrangement subsisting to which the Company or its related companies is a party with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the date of the last report, no Director has received or become entitled to receive any benefit (other than disclosed in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## DIRECTORS' REMUNERATIONS

The amounts of the remunerations of the Directors or past Directors of the Group and the Company comprising remunerations received/receivable from the Group and the Company during the year are as disclosed in Note 11 to the financial statements.

## INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the Director, officer or auditor of the Group and of the Company.

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## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (a) to ascertain that proper actions had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of the Group and of the business including the value of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which:

- (a) would render the amounts written off for bad debts or the amount of allowance for doubtful debts inadequate to any substantial extent; or
- (b) would render the value attributed to current assets in the financial statements of the Company misleading; or
- (c) have arisen which would render adherence to the existing method of valuation of assets and liabilities of the Group and of the Company misleading or inappropriate

At the date of this report there are:

- (a) no changes of the assets of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and
- (b) no contingent liabilities in the Company which have arisen since the end of the financial year.

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

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

In the opinion of the Directors:

- (a) the results of the operation of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature ; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of any operations of the Company for the financial year in which this report is made.

## SIGNIFICANT EVENT

Details of significant event are disclosed in Note 39 to the financial statements.



## SUBSEQUENT EVENT

Details of subsequent event are disclosed in Note 40 to the financial statements.

## AUDITORS' REMUNERATION

The total amounts paid to or receivable by the auditors as remunerations for their services as auditors is disclosed in Note 9 to the financial statements.

## ULTIMATE HOLDING COMPANY

The ultimate holding company is Zil Enterprise Sdn Bhd, a company incorporated and domiciled in Malaysia.

## AUDITORS

The auditors, AFRIZAN TARMILI KHAIRUL AZHAR, have expressed their willingness to continue in office.

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

TAN SRI ABD RAHIM BIN MOHAMAD  
Director

DATO' ANUARUDIN BIN MOHD NOOR  
Director

Kuala Lumpur, Malaysia

Date :



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EDEN INC. BERHAD

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## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Eden Inc. Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting, as set out on pages 74 to 144.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountant* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Material uncertainties related to going concern

We draw attention to Note 2(e) to the financial statements, which indicates that the Group reported loss after tax of approximately RM9.03 million for the financial year ended 31 December 2018 and, as of that date, the current liabilities of the Group and the Company exceeded the current assets by RM80.61 million and RM106.50 million respectively. In addition, the Company reported operating cash outflows of RM10.9 million.

As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that significant material uncertainties exist that may cast significant doubt on the Group's and the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. 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 fulfilled the responsibilities described in the *Auditors' responsibilities for the audit* of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our opinion on the accompanying financial statement.

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

#### 1. Valuation of investment properties

The valuation of the investment properties in operation is significant to our audit due to their magnitude and complexity of the valuations which are highly dependent on a range of estimates.

## Report on the Audit of the Financial Statements (cont'd)

### Key Audit Matters (cont'd)

#### 1. Valuation of investment properties (con't)

As disclosed in Note 15 to the financial statements, the carrying amounts of the Group's and the Company's investment properties amounted to RM192.29 million and RM171.89 million respectively, representing the approximately 48% and 51% of the Group's and the Company's total assets respectively as at reporting date.

The Group and the Company carry their investment properties at fair value as disclosed in Note 3(f) to the financial statements.

The management uses independent valuers to support its determination on the fair values of the investment properties annually. The key judgements and estimates involved in the valuation of investment properties are rental rates, estimated market yield rate, occupancy rates, transacted price of similar properties and discount rate, after taking into consideration the adjustments made for time, location, accessibility, size and present market trends. Depreciated Replacement Cost ("DRC") and Investment Method of Valuation been adopted as the main basis and method of valuation.

The Group and the Company recognised net losses from fair value adjustments of RM0.81 million and RM2.03 million respectively for the financial year ended 31 December 2018 as disclosed in Note 15 to the financial statements.

Our audit approach to address the key audit matters:

- We assessed the valuation methodologies used by the valuers in determining the fair values of the investment properties;
- We assessed the valuers' competence, capabilities and objectivity to determine that there were no matters that affected their independence and objectivity;
- We assessed whether the valuation methodologies were consistent with those used in the prior year and commonly used for the types of investment properties being valued;
- We had discussions with the independent valuers to obtain an understanding of the property related data used as input to the valuation models, including consideration for the adjustments made for time, location, accessibility, size and present market trends;
- We challenged the significant assumptions and critical judgement areas, including appropriateness of the rental rates, discount rates, estimated market yield and occupancy rates used;
- We compared the data inputs and assumptions used in the valuation models to underlying lease agreements; and
- We evaluated the adequacy of the disclosures of each key judgement and estimates to which the fair value is most sensitive, as disclosed in Note 2 (d) and Note 15 to the financial statements.

#### 2. Impairment assessment on power plants

As disclosed in Note 14 to the financial statements, the carrying amounts of the Group's power plants amounted to RM53.30 million, representing approximately 13% of the Group's total assets of the reporting date.

Two subsidiaries of the Company are operators of power plants, producing and supplying electricity. A history of recent losses by these subsidiaries has resulted in an indication that the carrying amount of the power plants may be impaired. Accordingly, the Group estimated the recoverable amount of the power plants of the subsidiaries by using the value in use ("VIU") method. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the CGU, and discounting them at an appropriate rate.

The management has performed impairment assessment with respect to the power plants by comparing the carrying amounts of these power plants against their recoverable amounts based on the VIU method. The key assumption involved in the assessment of the VIU is revenue production rate and discount rate.



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## **Report on the Audit of the Financial Statements (cont'd)**

### **Key Audit Matters (cont'd)**

#### **2. Impairment assessment on power plants (cont'd)**

The impairment review was significant to our audit because the assessment process is complex, involves significant judgement and estimates applied in the computation of VIU, in particular the revenue production rate. The impairment review has only involved one subsidiary as the power plant at Libaran Power Station has fully depreciated during the year. However, we also review the net residual value of that particular power plant.

Our audit procedures included the following:

- We assessed the valuation methodologies used by the Group, in particular those relating to the VIU for the CGU;
- We challenged the revenue production rate assumptions by assessing the reasonableness of the estimated revenue production volume and rates by comparing them to the historical performance of the CGU and power plant agreements signed including the natural disaster.
- We evaluated the adequacy of key assumptions of the bases of its cash flow projections.
- We involved the professional opinion on the net residual value of the power plant.

#### **3. Recoverability of amount due from holding company, Zil Enterprise Sdn Bhd ("ZESB")**

As disclosed in Note 21(d) to the financial statements, the carrying amounts of the Group's amount due from holding company amounted to RM63.81 million, representing approximately 16% of the Group's total assets as at reporting date.

The delay in the repayment of the amount due from ZESB is viewed as an objective evidence that the amount due from ZESB may be impaired. Accordingly, the Group performed an impairment review in respect of the amount due from ZESB by comparing the asset's carrying amount and the present value of estimated future cash flows receivable from Zil Enterprise.

Due to the significance of the amount and the subjective nature of the impairment review, we consider this to be an area of audit focus.

Our audit procedures included, amongst others:-

- We obtained an understanding of the relevant internal controls of the Group over the estimation of recoverable amount due from ZESB.
- We obtained confirmation from ZESB regarding the amount owing from the Group; and
- We have checked the private caveat of the land that ZESB has agreed and consented to the lodgement made by the Group to secure the payment of the debt in future and measure the recoverability by comparing the market value of the land with the balance of the debt.

#### **4. Impairment assessment on investments in subsidiaries and recoverability of amounts due from subsidiaries**

As disclosed in Note 18 and Note 21 to the financial statements, the carrying amounts of the Company's investments in subsidiaries and amount due from subsidiaries amounted to RM29.39 million and RM130.12 million representing approximately 9% and 38% of the Company's total assets respectively as at reporting date.

A history of recent losses by these subsidiaries has resulted in an indication that the carrying amounts of investments in subsidiaries and amounts due from subsidiaries may be impaired. Accordingly, the Company estimated the recoverable amounts of investments in subsidiaries and amounts due from subsidiaries by using the VIU method. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the CGU, and discounting them at an appropriate rate.

## Report on the Audit of the Financial Statements (cont'd)

### Key Audit Matters (cont'd)

#### 4. Impairment assessment on investments in subsidiaries and recoverability of amounts due from subsidiaries (cont'd)

The management has performed impairment assessment by comparing the carrying amounts of investments in subsidiaries and amounts due from subsidiaries against their recoverable amounts based on the VIU method and assets belonging to subsidiaries. The key assumptions involved in the assessment of the VIU are revenue production rate, discount rate, and the timing from the CGU, and discounting them at an appropriate rate.

The impairment review was significant to our audit because the assessment process is subjective and complex, which involves significant management judgement and is based on assumptions that are highly judgmental.

Our audit procedures include the following:

- We assessed the valuation methodologies used by the Group, in particular those relating to the VIU for the CGU;
- We challenged the revenue production rate assumptions by assessing the reasonableness of the estimated revenue production volume and rates by comparing them to the historical production volume and rates by comparing them to the historical performance of the CGU, power plant agreements signed; and natural disaster; and
- We evaluated the assumptions applied in the determination of the amount and timing of receipts from subsidiaries with respect to cash flows projections.

#### 5. Determination of responsibility to bear the cost related to the provision or supply of Parts, Plant and Materials

A subsidiary of the Company has appointed an operation and maintenance operator to conduct the operation and maintenance of the power plant at Libaran Power Station, Sandakan. However, there is a dispute between both parties in determining the responsibilities to bear the cost related to the provision or supply of Parts, Plant and Materials pursuant to the provisions set out in the agreement.

Due to the significance of the amount and the subjective nature of the costs involved, we consider this to be an area of audit focus.

Our audit procedures included, amongst others:-

- We obtained and reviewed full set of agreements including Power Purchase Agreement, Operation and Maintenance and Technical Support;
- We obtained an understanding of the justification of the cost related to supply the Parts, Plant and Materials pursuant to the conditions as set out in the O&M agreement to the third party;
- We obtained and reviewed the legal opinions from professionals to determine the responsible party.

### Information Other than the Financial Statement and Auditors' Report Thereon

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

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

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

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

## **Report on the Audit of the Financial Statements (cont'd)**

### **Responsibilities of the Directors for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards and the requirements of 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. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- (i) 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.
- (ii) 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.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (iv) 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.
- (v) 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.
- (vi) 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.

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## **Report on the Audit of the Financial Statements (cont'd)**

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 18 to the financial statements.

### **Other Matters**

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

AFRIZAN TARMILI KHAIRUL AZHAR  
AF : 1300  
Chartered Accountants (Malaysia)

Kuala Lumpur, Malaysia

Date:

KHAIRUDIN IBRAHIM  
Chartered Accountant  
02084/10/2020 J  
Partner



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Revenue</b>	4	63,021	53,202	2,140	1,990
Cost of sales	5	(43,028)	(45,930)	-	-
<b>Gross profit</b>		19,993	7,272	2,140	1,990
Other income	6	4,844	9,497	2,102	3,143
Administrative expenses		(25,184)	(23,538)	(8,301)	(6,246)
Selling and marketing expenses		(1,111)	(1,402)	(123)	(150)
Other expenses		(4,884)	(3,294)	(34,117)	(496)
Operating (loss)/gain		(6,342)	(11,465)	(38,299)	(1,759)
Finance income	7	3,794	6,274	5,323	6,225
Finance costs	8	(7,567)	(7,725)	(3,352)	(2,147)
<b>(Loss)/profit before taxation</b>	9	(10,115)	(12,916)	(36,328)	2,319
Income tax (expense)/credit	12	1,086	(5,647)	118	140
<b>Total comprehensive (loss)/ income for the year</b>		(9,029)	(18,563)	(36,210)	2,459
Total comprehensive (loss)/income attributable to:					
Equity holders of the Company		(7,886)	(17,766)	(36,210)	2,459
Non-controlling interests		(1,143)	(797)	-	-
		(9,029)	(18,563)	(36,210)	2,459
<b>Basic loss per ordinary share (cent)</b>	13	(2.39)	(5.71)		
<b>Diluted loss per ordinary share (cent)</b>	13	(1.06)	(5.71)		

The accompanying notes form an integral part of the financial statements

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Non Current Assets					
Property, plant and equipment	14	67,172	78,196	3	-
Investment properties	15	192,293	193,103	171,889	173,921
Land use rights	16	250	292	-	-
Finance lease receivables	17	11,772	12,538	-	-
Investments in subsidiaries	18	-	-	29,390	67,001
Investments in associates	19	40	40	40	40
Other investments	20	8	8	6	6
Trade and other receivables	21	63,805	50,072	132,988	111,280
Other asset	22	1,383	1,277	1,383	1,277
Deferred tax assets	23	28,775	32,039	-	-
Total Non Current Assets		365,498	367,565	335,699	353,525
Current Assets					
Inventories	24	12,473	16,548	-	-
Trade and other receivables	21	9,837	27,122	3,553	4,264
Finance lease receivables	17	765	725	-	-
Other assets	22	450	1,252	40	781
Cash and cash equivalents	25	11,285	6,175	355	4,313
Total Current Assets		34,810	51,822	3,948	9,358
Total Assets		400,308	419,387	339,647	362,883
Equity					
Share capital	26	321,762	311,362	321,762	311,362
Accumulated losses		(76,225)	(68,339)	(99,360)	(63,150)
		245,537	243,023	222,402	248,212
Non-controlling interest		1,839	2,982	-	-
Total Equity		247,376	246,005	222,402	248,212
Non Current Liabilities					
Deferred income	27	3,105	6,363	3,105	4,086
Loans and borrowings	28	30,486	40,680	-	-
Deferred tax liabilities	23	3,926	10,754	3,691	4,033
Total Non Current Liabilities		37,517	57,797	6,796	8,119
Current Liabilities					
Trade and other payables	29	54,575	53,871	81,078	66,214
Loans and borrowings	28	50,912	52,050	27,301	36,066
Deferred income	27	3,258	3,258	981	981
Tax payable		6,670	6,406	1,089	3,291
Total Current Liabilities		115,415	115,585	110,449	106,552
Total Liabilities		152,932	173,382	117,245	114,671
Total Equity and Liabilities		400,308	419,387	339,647	362,883

The accompanying notes form an integral part of the financial statements

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	<---- Non-Distributable -----> <Distributable>									
	Share capital	Other Reserve	Accumulated losses	Total	Attributable to owners of the Company	Non-controlling interest	Total equity			
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
As at 1 January 2017	311,362	46	(49,570)	261,838	261,838	3,779	265,617			
Loss for the financial year	-	(46)	(17,766)	(17,812)	(17,812)	(797)	(18,609)			
As at 31 December 2017	311,362	-	(67,336)	244,026	244,026	2,982	247,008			
As at 1 January 2018	311,362	-	(67,336)	244,026	244,026	2,982	247,008			
MFRS transitional adjustment	-	-	(1,003)	(1,003)	(1,003)	-	(1,003)			
As at 1 January 2018 (Restated)	311,362	-	(68,339)	243,023	243,023	2,982	246,005			
Conversion of Redeemable Convertible Notes (Note 26)	10,400	-	-	10,400	10,400	-	10,400			
Loss for the financial year	-	-	(7,886)	(7,886)	(7,886)	(1,143)	(9,029)			
As at 31 December 2018	321,762	-	(76,225)	245,537	245,537	1,839	247,376			
Company										
As at 1 January 2017	311,362	-	(65,609)	-	-	-	245,753			
Loss for the financial year	-	-	2,459	-	-	-	2,459			
As at 31 December 2017	311,362	-	(63,150)	-	-	-	248,212			
As at 1 January 2018	311,362	-	(63,150)	-	-	-	248,212			
Conversion of Redeemable Convertible Notes (Note 26)	10,400	-	-	-	-	-	10,400			
Loss for the financial year	-	-	(36,210)	-	-	-	(36,210)			
As at 31 December 2018	321,762	-	(99,360)	-	-	-	222,402			

The accompanying notes form an integral part of the financial statements

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
Cash flows from operating activities	Note	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before taxation		(10,115)	(12,916)	(36,328)	2,319
Adjustments for:					
Interest income	7	(3,794)	(6,274)	(5,323)	(6,225)
Interest expense	8	7,567	7,725	3,352	2,147
Impairment losses on financial assets:					
- Receivables	9	113	618	-	-
- Subsidiaries	9	-	-	100	369
Impairment losses on investments in:					
- Subsidiaries	9	-	-	31,963	20
- Associate	9	-	12	-	-
Changes in fair value of investment properties	9	810	193	2,032	69
Amortisation on land use right	9	42	42	-	-
Reversal of allowance for impairment loss on financial assets:					
- Receivables	6	-	(8)	-	-
Property, plant and equipment written off	9	-	97	-	-
Depreciation of property, plant and equipment	9	11,768	16,189	-	15
Impairment loss on property, plant and equipment	9	23	824	-	24
Net gain on disposal of property, plant and equipment	6	(611)	(17)	-	-
Unrealised (gain)/loss on foreign exchange	9	(114)	36	(114)	-
Inventories written off	9	-	250	-	-
Impairment of inventories	24	1,836	-	-	-
Net gain on disposal of subsidiary	9	(9)	-	-	-
Amortisation of deferred income	6	(2,277)	(5,704)	-	-
Recovery of other receivables previously written off		-	(1,152)	-	(1,152)
Operating (loss)/profit before changes in working capital		5,239	(85)	(4,318)	(2,414)
<u>Changes in working capital</u>					
Inventories		2,238	1,261	-	-
Trade and other receivables		(6,846)	(785)	178	1,162
Other asset		695	(1,045)	635	(910)
Trade and other payables		(10,682)	(2,960)	(5,039)	(2,023)
Related parties movement		13,140	9	1,369	6,987
Cash (used in)/generated from operations		3,784	(3,605)	(7,175)	2,802
Interest paid		-	(6,391)	(386)	(2,147)
Net income tax paid		(674)	(998)	(3,352)	(733)
Net cash (used in)/generated from operating activities		3,110	(10,994)	(10,913)	(78)

The accompanying notes form an integral part of the financial statements



**STATEMENT OF  
CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(709)	(51)	(4)	-
Proceeds from disposal of property, plant and equipment		553	90	-	-
Recovery of other receivables previously written off		-	1,152	-	1,152
Proceed from disposal of subsidiary		74	-	-	-
Interest received		1,506	1,477	5,324	7
Net repayment of amount due from holding company		1,400	21,337	-	-
Net cash generated from investing activities		2,824	24,005	5,320	1,159
<b>Cash flows from financing activities</b>					
Decrease/(increase) of deposits with licensed banks and financial institution		(7,241)	5,989	(8)	(7)
Repayment of Sukuk Musharakah		(10,000)	(10,000)	-	-
Net repayment of term loans		(11,014)	(5,523)	(8,766)	(3,284)
Net repayment of obligation under finance lease		(280)	(345)	-	-
Drawdown of bridging loan		-	6,170	-	6,170
Net changes in banker acceptances		-	(745)	-	-
Net changes in trust receipts		-	(4,666)	-	-
Proceeds from issuance of shares		10,400	-	10,400	-
Net cash (used in)/generated from financing activities		(18,135)	(9,120)	1,626	2,879
<b>Net changes in cash and cash equivalents</b>		<b>(12,201)</b>	<b>3,891</b>	<b>(3,967)</b>	<b>3,960</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>1,968</b>	<b>(1,923)</b>	<b>4,053</b>	<b>93</b>
<b>Cash and cash equivalents at end of year (Note 25)</b>		<b>(10,233)</b>	<b>1,968</b>	<b>86</b>	<b>4,053</b>

The accompanying notes form an integral part of the financial statements

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated, domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business and registered office of the Company is located at 15th Floor, Amcorp Tower, Amcorp Trade Centre, 18, Jalan Persiaran Barat, Off Jalan Timur, 46050 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statement of the Company as at and for the financial year ended 31 December 2018 comprise the Company and its subsidiaries (together referred as the "Group" and individually referred to as "Group entities" and the group interest in associates.

The principal activities of the Company are investment holding and provision of management services. The principal activities and other information relating to the subsidiaries are disclosed in Note 18 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The ultimate holding company is Zil Enterprise Sdn. Bhd. ("ZESB"), which is incorporated in Malaysia. The ultimate controlling party of the Group is Tan Sri Abd Rahim Bin Mohamad who is controlling shareholder of the ultimate holding company.

The financial statements were authorised for issue by the Board of Directors on 24 April 2019.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### (a) Statement of compliance

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

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting standards Board ("MASB") but have not been adopted by the Group and the Company.

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2019**

- MFRS 16, Leases
- IC interpretation 23, uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Venture – Long-term Interest in Associates and Joint Ventures.

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021**

- MFRS 17, Insurance Contracts

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed**

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an investor and its Associates or Joint Venture

## **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)**

### **(a) Statement of compliance (cont'd)**

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed (cont'd)**

The Group and the Company plan to apply the above mentioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2019 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2019.

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

#### **MFRS 16, Leases**

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduce a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

### **(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3 to the financial statements.

### **(c) Functional and presentation currency**

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

### **(d) Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:-

- Note 15 – Investment Properties
- Note 18 – Investment in subsidiaries
- Note 21 – measurement of expected credit loss ("ECL")
- Note 23 – Deferred taxation
- Note 29 - Warranties

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

### (e) Material uncertainties related to going concern

The Group reported loss after tax of approximately RM9.03 million (2017: RM18.56 million) and the Company reported loss after tax of approximately RM36.21 million (2017: profit after tax of RM2.46 million) respectively and, as of that date, the current liabilities of the Group and the Company exceeded the current assets by RM80.61 million (2017: RM63.76 million) and RM106.50 million (2017: RM97.19 million) respectively. In addition, the Company reported operating cash outflows of RM10.91 million (2017: RM78,213).

These factors indicate the existence of significant material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Nevertheless, the financial statements of the Group and of the Company have been prepared on a going concern basis. The ability of the Group and of the Company to continue as going concerns are dependent on the continued support of its lenders and creditors, the timely and successful recommissioning of the two power plants as well as the sustainability and profitability of the entire power plants in the future, the timely collection of the amount due from its holding company, ZESB as disclosed in Note 21 to the financial statements, the timely completion of the planned disposal of lands of the Company.

During the year the Company has issued Redeemable Convertible Notes ("RCN") as disclosed in Note 31 to the financial statements. The Company would has available fund to improve profitability and cash flows of the Company to continue as going concern.

The financial statements of the Group and of the Company do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Group and the Company be unable to continue as going concerns.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in the financial statements and have been applied consistently by the Group entities, unless otherwise stated.

Arising from the adoption of MFRS 15, Revenue from Contracts with Customers and MFRS 9, Financial Instruments, there are changes of accounting policies of:

- i) financial instruments;
- ii) revenue recognition; and
- iii) impairment losses on financial instruments

as compared to those adopted in previous financial statements. The impacts arising from the changes are disclosed in Note 38 to the financial statements.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, 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 investee that significantly affect the investee's return.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(a) Basis of consolidation (cont'd)**

**(i) Subsidiaries (cont'd)**

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

**(ii) Business combinations**

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the appropriate share of the acquiree's identifiable net assets at the acquisition date.

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

**(iii) Acquisition of non-controlling interest**

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control in equity transactions between the Group and non-controlling interest holders. Any difference between the Group's share of net assets before and after the changes, and any consideration received or paid, is adjusted to or against Group reserves.

**(iv) Loss of control**

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

**(v) Associates**

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



### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (a) Basis of consolidation (cont'd)

##### (v) Associates (cont'd)

Investment in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after the adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceed its interest in associate, the carrying amount of that interest including any long-term investments is reduced to zero, and recognition of any further losses is discounted except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when the significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

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

Investment in associates are measured in the Company's statement of the financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction cost.

##### (vi) Non-controlling interest

Non-controlling interest at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interest and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even of doing so causes the non-controlling interests to have a deficit balance.

##### (vii) Transactions eliminated on consolidation

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

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

### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **(b) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of transactions.

Monetary assets and liabilities are denominated in foreign currencies at the end of reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities are denominated in foreign currencies are not retranslated at the end of reporting date, except for those who are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit and loss, except for differences arising on the translation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

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

#### **(c) Financial instruments**

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company have elected not to restate the comparatives.

##### **(i) Recognition and initial measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

##### **Current financial year**

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

##### **Previous financial year**

Financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (c) Financial instruments (cont'd)

##### (i) Recognition and initial measurement (cont'd)

###### Previous financial year (cont'd)

An embedded derivative was recognised separately from the host contract and accounted for as a derivative if, and only if, it was not closely related to the economic characteristics and risks of the host contract and the host contract was not recognised as fair value through profit or loss. The host contract, in the event an embedded derivative was recognised separately, was accounted for in accordance with policy applicable to the nature of the host contract.

##### (ii) Financial instrument categories and subsequent measurement

###### *Financial assets*

###### Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

##### (a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

##### (b) Fair value through other comprehensive income

###### (i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

*Financial assets (cont'd)*

**Current financial year (cont'd)**

(b) Fair value through other comprehensive income (cont'd)

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

**Previous financial year**

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, Financial Instruments: Recognition and Measurement as follows:

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments whose fair values could not be reliably measured were measured at cost.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (c) Financial instruments (cont'd)

##### (ii) Financial instrument categories and subsequent measurement (cont'd)

##### *Financial assets (cont'd)*

##### **Previous financial year (cont'd)**

##### (b) Held-to-maturity

Held-to-maturity investments category comprised debt instruments that were quoted in an active market and the Group or the Company had the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments were subsequently measured at amortised cost using the effective interest method.

##### (c) Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

##### (d) Available-for-sale financial assets

Available-for-sale category comprised investments in equity and debt instruments that were not held for trading.

Investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost. Other financial assets categorised as available-for-sale were subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which were recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income was reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method was recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss were subject to impairment assessment.

##### *Financial liabilities*

##### **Current financial year**

The categories of financial liabilities at initial recognition are as follows:

##### (a) Fair value through profit or loss

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



### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (c) Financial instruments (cont'd)

##### (ii) Financial instrument categories and subsequent measurement (cont'd)

###### *Financial liabilities (cont'd)*

###### **Current financial year (cont'd)**

The categories of financial liabilities at initial recognition are as follows (cont'd):

###### (a) Fair value through profit or loss (cont'd)

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

###### (b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

###### **Previous financial year**

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (c) Financial instruments (cont'd)

##### (ii) Financial instrument categories and subsequent measurement (cont'd)

###### *Financial liabilities (cont'd)*

###### **Previous financial year (cont'd)**

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

##### (iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

- (a) the recognition of an asset on the day it is received by the Group or the Company, and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

##### (iv) Financial guarantee contracts

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

###### **Current financial year**

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **(c) Financial instruments (cont'd)**

##### **(iv) Financial guarantee contracts (cont'd)**

###### **Previous financial year**

In the previous financial year, fair value arising from financial guarantee contracts were classified as deferred income and was amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

##### **(v) Hedge accounting**

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge. The Group and the Company also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

###### **(a) Fair value hedge**

###### **Current financial year**

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss on the hedging instrument shall be recognised in profit or loss (or other comprehensive income, if the hedging instrument hedges an equity instrument which the Group or the Company has elected to present the subsequent changes in fair value of the investment in equity in other comprehensive income).

The hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item and be recognised in profit or loss. If the hedged item is a financial asset (or a component thereof) that is measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item shall be recognised in profit or loss. However, if the hedged item is an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income, those amounts shall remain in other comprehensive income. When a hedged item is an unrecognised firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in profit or loss.

###### **Previous financial year**

In the previous financial year, the gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the end of the reporting period was recognised in profit or loss. The gain or loss on the hedged item, except for hedge item categorised as available-for-sale, attributable to the hedged risk was adjusted to the carrying amount of the hedged item and recognised in profit or loss. For a hedge item categorised as available-for-sale, the fair value gain or loss attributable to the hedge risk was recognised in profit or loss. Fair value hedge accounting was discontinued prospectively when the hedging instrument expired or was sold, terminated or exercised, the hedge was no longer highly effective or the hedge designation was revoked.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (c) Financial instruments (cont'd)

##### (v) Hedge accounting (cont'd)

##### (b) Cash flow hedge

###### Current financial year

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("**forward points**") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

###### Previous financial year

In the previous financial year, cost of hedging was expensed to profit or loss.

##### (c) Hedge of a net investment

A hedge of a net investment is a hedge in the interest of the net assets of a foreign operation. In a net investment hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. The cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss on disposal of the foreign operation.

### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **(c) Financial instruments (cont'd)**

##### **(vi) 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.

##### **(vii) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

#### **(d) Property, plant and equipment**

##### **(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

##### **(ii) Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.



### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (d) Property, plant and equipment (cont'd)

##### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The principle annual rates used for this purpose are:-

	<b>Rate</b>
Buildings	over 30 – 50 years
Renovation	10% to 20%
Plant, machinery, equipment and electrical installation	10% to 30%
Power plant	over 21 – 30 years
Mould and dies	20%
Computer software and equipment	20% to 30%
Furniture and fittings	10%
Motor vehicles	20%
Livestocks	10 years

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

#### (e) Leased Assets

##### Power purchase agreements

The Group adopted Issues Committee Interpretation 4 (“**IC Int.4**”), “Determining whether an Arrangement contains a Lease”, which prescribes that the determination of whether an arrangement is or contains a lease shall be based on the substance of the arrangement. It requires an assessment of whether the fulfilment of the arrangement is dependent on the use of specific asset and the arrangement conveys a right to use such assets, such a contractual arrangement is accounted for as a finance or operating lease. Payments for services and the cost of inputs of the arrangement are excluded from the calculation of the minimum lease payments.

The adoption of IC Int. 4 resulted in finance and operating lease accounting being applied to the Group as lessors for the Power Purchase Agreements with Tenaga Nasional Berhad and Sabah Electricity Sdn. Bhd.

##### (i) Finance lease

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (e) Leased Assets (cont'd)

##### Power purchase agreements (cont'd)

#### (ii) Operating lease

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leases where the Group retains substantially all the risks and rewards on the ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3(o)(vii).

#### (f) Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 3(d) up to the date of change in use.

#### (g) Land use right

Land use right is initially measured at cost. Subsequent to initial recognition, land use right is measured at cost less accumulated amortisation and accumulated impairment losses, if any. The land use right is amortised over its lease term.

#### (h) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first in, first out method and weighted average method. The costs of raw materials include the costs of purchase and other direct charges incurred in bringing the inventories to their present location and condition. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (h) Inventories (cont'd)

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

#### (i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks, demand deposits, short-term and highly liquid investments that are readily convertible to the known amount of cash and which are subject to an insignificant risk of changes in value and have average maturity below three months.

For the purpose of statements of cash flows, cash and cash equivalents exclude bank overdrafts, deposits for sinking fund and deposits with maturity above three months.

#### (j) Impairment

##### (i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company elected not to restate the comparatives.

##### Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (j) Impairment (cont'd)

##### (i) Financial assets (cont'd)

###### Current financial year (cont'd)

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

###### Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and associates) were assessed at each reporting date whether there was 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. Losses expected as a result of future events, no matter how likely, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

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

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

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

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

If, in a subsequent period, the fair value of a debt instrument increases and the increase could be objectively related to an event occurring after impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (j) Impairment (cont'd)

##### (ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, lease receivables, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### (k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

##### (i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

##### (ii) Ordinary shares

Ordinary shares are classified as equity.



### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **(k) Equity instruments (cont'd)**

##### **(iii) Preference share capital**

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

##### **(iv) Repurchase, disposal and reissue of share capital (treasury shares)**

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

##### **(v) Distributions of assets to owners of the Company**

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

#### **(l) Compound financial instruments**

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

#### **(m) Employee benefits**

##### **i. Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave is recognised when the absences occur.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (m) Employee benefits (cont'd)

##### ii. Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### (n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### (o) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before the revenue is recognised:

##### i. Revenue from operation of power plants

Revenue from capacity charges and energy billings are recognised on an accrual basis.

##### ii. Sale of food and beverage

Revenue from sale of food and beverage is recognised net of goods and services tax ("GST") and discounts upon the transfer of risks and rewards.

##### iii. Revenue from recreational activities

Revenue from recreation activities is recognised net of discounts as and when the services are rendered.

##### iv. Sale of goods

Revenue from sale of goods is recognised net of GST and discounts upon transfer of risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

##### v. Dividend income

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

##### vi. Management fees

Management fees represent fees charged to subsidiaries for assisting in the managements of the subsidiaries and these are recognised upon performance of services.

##### vii. Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(o) Revenue (cont'd)**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before the revenue is recognised (cont'd):

**viii. Interest income**

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

**(p) Borrowing costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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

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

**(q) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 3(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (q) Income tax (cont'd)

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

#### (r) Earnings per ordinary share

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

#### (s) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

#### (t) Contingencies

##### (i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

##### (ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (u) Fair value measurements

The Group and the Company measure non-financial asset such as investment properties, at fair value at the reporting date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the assets or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

External valuers are involved for valuation of significant assets such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The Group, in consultation with the external valuers, also compare the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

#### (v) Current vs non-current classification

The Group presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.



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**4. REVENUE**

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Capacity charges and energy billings	26,138	9,371	-	-
Sale of electrical and engineering parts	12,065	18,224	-	-
Sale of food and beverage	8,083	9,558	-	-
Income from recreational activities	13,420	12,935	-	-
Rental income from investment properties	3,315	3,114	-	-
Management fees from subsidiaries	-	-	2,140	1,990
	63,021	53,202	2,140	1,990

**5. COST OF SALES**

	Group	
	2018	2017
	RM'000	RM'000
Power generation costs	29,454	27,272
Cost of inventories sold	11,395	16,874
Cost of recreational activities	2,179	1,784
	43,028	45,930

**6. OTHER INCOME**

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Rental income from:				
- Investment properties	993	967	993	967
- Subsidiaries	-	-	762	762
Gain on disposal of property, plant and equipment	611	17	-	-
Gain on disposal of subsidiary	9	-	-	-
Recovery of other receivables previously written off	-	1,152	-	1,152
Amortisation of deferred income (Note 27)	2,277	5,704	-	-
Reversal of allowance for impairment on financial assets: (Note 21)				
- Receivables	-	8	-	-
Miscellaneous	954	1,649	347	262
	4,844	9,497	2,102	3,143

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**7. FINANCE INCOME**

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Finance income:				
- Subsidiaries	-	-	5,316	6,218
- Ultimate Holding Company	3,012	5,485	-	-
- Fixed deposits	53	22	7	7
- Finance lease (Note 17)	729	767	-	-
	3,794	6,274	5,323	6,225

**8. FINANCE COSTS**

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
-Bank borrowings	4,750	3,978	3,352	2,147
-Finance leases	44	52	-	-
-Bank-Guaranteed Sukuk Musharakah	2,767	3,430	-	-
-Others	6	265	-	-
	7,567	7,725	3,352	2,147

**9. (LOSS)/PROFIT BEFORE TAX**

(a) The following items have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Employee benefits expense (Note 10)	14,075	11,936	4,477	2,804
Non-executive directors' remuneration excluding benefits-in-kind (Note 11)	100	297	100	130
Auditors' remuneration:				
- Statutory audit	349	498	150	232
- Underprovision	4	60	4	60
- Other services	15	55	15	51
Direct operating expenses of investment properties:				
- Revenue generating	59	59	59	59
- Non-revenue generating	472	472	-	-
Rental of premises	1,911	2,014	480	548
Rental of equipment and motor vehicles	223	312	-	-
Amortisation of land use rights (Note 16)	42	42	-	-

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

(a) The following items have been included in arriving at (loss)/profit before tax (cont'd):

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Depreciation of property, plant and equipment (Note 14)	11,768	16,189	-	15
Net gain on disposal of subsidiary	(9)	-	-	-
Unrealised (gain)/loss on foreign exchange	(114)	36	(114)	-
Impairment loss on property, plant and equipment (Note 14)	23	824	-	24
Property, plant and equipment written off	-	97	-	-
Inventories written down	-	250	-	-
Impairment of inventories (Note 24)	1,836	-	-	-
Net gain on disposal of property, plant and equipment	(611)	(17)	-	-
Changes in fair value of investment properties (Note 15)	810	193	2,032	69
Impairment loss on investment in subsidiaries (Note 18)	-	-	31,963	20
Impairment in an associate written off	-	12	-	-
Impairment loss on financial assets (Note 21):				
- Receivables	113	618	-	-
- Subsidiaries	-	-	100	369

**10. EMPLOYEE BENEFITS EXPENSE**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Wages, salaries and bonus	11,956	9,787	3,768	2,130
Social security contributions	110	115	12	14
Defined contribution plan	1,451	1,495	535	555
Other benefits	558	539	162	105
	14,075	11,936	4,477	2,804

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration (excluding benefits-in-kind) amounting to RM3,004,502 (2017: RM3,004,472) and RM2,692,342 (2017: RM2,692,311) respectively.

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**11. DIRECTORS' REMUNERATION**

Group	Salaries and other emoluments		Allowances		Fees		Defined contribution plan		Estimated money value of benefits-in-kind		Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
<b>2018</b>											
<b>Executive directors</b>											
Tan Sri Abd Rahim Bin Mohamad	1,160		180		60		282		141		1,823
Puan Sri Fadzilah Binti Md Ariff	386		120		30		97		123		756
Dato' Abdullah Bin A. Rasol	298		-		40		19		80		437
Dato' Nik Mohd Fuad Bin Wan Abdullah	262		-		30		40		37		369
	2,106		300		160		438		381		3,385
<b>Non-executive directors</b>											
Dato' Mohamed Salleh Bin Bajuri	-		-		40		-		-		40
Dato' Anuarudin Bin Mohd Noor	-		-		30		-		-		30
Datuk Seri Ahmad Bin Hj. Kabit	-		-		30		-		-		30
	-		-		100		-		-		100
<b>Total directors' remuneration</b>	2,106		300		260		438		381		3,485
<b>2017</b>											
<b>Executive directors</b>											
Tan Sri Abd Rahim Bin Mohamad	1,160		180		60		282		184		1,866
Puan Sri Fadzilah Binti Md Ariff	386		120		30		97		94		727
Dato' Abdullah Bin A. Rasol	298		-		40		18		53		409
Dato' Nik Mohd Fuad Bin Wan Abdullah	262		-		30		40		46		378
	2,106		300		160		437		377		3,380
<b>Non-executive directors</b>											
Dato' Mohamed Salleh Bin Bajuri	-		-		40		-		-		40
Dato' Anuarudin Bin Mohd Noor	-		-		30		-		-		30
Datuk Seri Ahmad Bin Hj. Kabit	-		-		30		-		-		30
Datuk Fakhri Yassin Bin Mahiaddin	120		22		40		15		-		197
	120		22		140		15		-		297
<b>Total directors' remuneration</b>	2,226		322		300		452		377		3,677

**11. DIRECTORS' REMUNERATION (cont'd)**

Company	Salaries and other emoluments		Allowances		Fees		Defined contribution plan		Estimated money value of benefits-in-kind		Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
2018											
Executive directors											
Tan Sri Abd Rahim Bin Mohamad	1,160		180		60		282		129		1,811
Puan Sri Fadzilah Binti Md Ariff	386		120		30		97		103		736
Dato' Abdullah Bin A. Rasol	298		-		30		19		65		412
Dato' Nik Mohd Fuad Bin Wan Abdullah	-		-		30		-		-		30
	1,844		300		150		398		297		2,989
Non-executive directors											
Dato' Mohamed Salleh Bin Bajuri	-		-		40		-		-		40
Dato' Anuarudin Bin Mohd Noor	-		-		30		-		-		30
Datuk Seri Ahmad Bin Hj. Kabit	-		-		30		-		-		30
	-		-		100		-		-		100
	1,844		300		250		398		297		3,089
2017											
Executive directors											
Tan Sri Abd Rahim Bin Mohamad	1,160		180		60		282		182		1,864
Puan Sri Fadzilah Binti Md Ariff	386		120		30		97		78		711
Dato' Abdullah Bin A. Rasol	298		-		30		18		31		377
Dato' Nik Mohd Fuad Bin Wan Abdullah	-		-		30		-		-		30
	1,844		300		150		397		291		2,982
Non-executive directors											
Dato' Mohamed Salleh Bin Bajuri	-		-		40		-		-		40
Dato' Anuarudin Bin Mohd Noor	-		-		30		-		-		30
Datuk Seri Ahmad Bin Hj. Kabit	-		-		30		-		-		30
Datuk Fakhri Yassin Bin Mahiaddin	-		-		30		-		-		30
	-		-		130		-		-		130
	1,844		300		280		397		291		3,112
Total directors' remuneration											

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**12. TAXATION**

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

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax:				
- Current income tax	2,709	2,932	306	536
- Overprovision in prior years	(231)	(187)	(82)	221
	2,478	2,745	224	757
Deferred tax (Note 23):				
- Origination of temporary difference	410	2,958	(487)	558
- Overprovision in prior years	(3,974)	(56)	145	(1,455)
	(3,564)	2,902	(342)	(897)
Income tax expense in profit or loss	(1,086)	5,647	(118)	(140)

Reconciliations of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loss/Profit before taxation	(10,115)	(12,916)	(36,328)	2,319
Tax at the statutory tax rate of 24% (2017: 24%)	(2,428)	(3,100)	(8,719)	557
Tax effect of:-				
Non-taxable income	(786)	(5,816)	(69)	-
Non-deductible expense	5,753	7,199	8,607	537
Deferred tax assets not recognised during the financial year	580	7,607	-	-
(Over)/Underprovision of income tax in the prior years	(231)	(187)	(82)	221
(Over)/Underprovision of deferred tax in the prior years	(3,974)	(56)	145	(1,455)
Tax expense for the year	(1,086)	5,647	(118)	(140)

Unabsorbed tax losses and capital allowances of the Group which are available to set-off against future chargeable income for which the tax effects have not been recognised in the financial statements are shown below:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Timing differences	181	188
Unabsorbed tax losses	(1,489)	(985)
Unabsorbed capital allowances	(153)	(187)
Other timing difference	(226)	(123)
	(1,687)	(1,107)



### 13. LOSS PER SHARE

#### a. Basic

Basic loss per share is calculated by dividing loss for the year (attributable to ordinary equity holders of the Company) by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	Group	
	2018	2017
	RM'000	RM'000
Loss for the year attributable to ordinary equity holders of the Company	(7,886)	(17,766)
	Number of shares ('000)	
Weighted average number of ordinary shares in issue	330,414	311,362
Basic loss per share (cent)	(2.39)	(5.71)

#### b. Diluted

The calculation of diluted loss per ordinary share at 31 December 2018 was based on loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2018	2017
	RM'000	RM'000
Loss for the year attributable to ordinary equity holders of the Company	(7,886)	(17,766)
	Number of shares ('000)	
Weighted average number of ordinary shares as at 31 December (basic)	330,414	311,362
Effect of conversion of convertible notes	413,333	-
Weighted average number of ordinary shares as at 31 December (diluted)	743,747	311,362
Diluted loss per ordinary shares (cent)	(1.06)	(5.71)

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**14. PROPERTY, PLANT AND EQUIPMENT**

Group	Leasehold land RM '000	Buildings RM '000	Power plants RM '000	Livestocks RM '000	Others ** RM '000	Total RM '000
<b>Cost</b>						
As at 1 January 2017	2,981	24,529	335,784	923	39,796	404,013
Additions	-	-	-	10	41	51
Disposal	-	-	-	-	(317)	(317)
Written off	-	-	-	-	(1,628)	(1,628)
As at 31 December 2017/1 January 2018	2,981	24,529	335,784	933	37,892	402,119
Additions	-	-	-	85	624	709
Disposal	-	-	-	-	(666)	(666)
As at 31 December 2018	2,981	24,529	335,784	1,018	37,850	402,162
<b>Depreciation</b>						
As at 1 January 2017	767	13,913	257,992	871	35,141	308,684
Charge for the year	41	694	14,316	11	1,127	16,189
Disposal	-	-	-	-	(243)	(243)
Written off	-	-	-	-	(1,531)	(1,531)
Impairment loss	-	-	-	-	824	824
As at 31 December 2017/1 January 2018	808	14,607	272,308	882	35,318	323,923
Charge for the year	41	694	10,180	15	838	11,768
Disposal	-	-	-	-	(724)	(724)
Impairment loss	-	-	-	24	(1)	23
As at 31 December 2018	849	15,301	282,488	921	35,431	334,990
<b>Carrying amount</b>						
As at 1 January 2017	2,214	10,616	77,792	51	4,654	95,327
As at 31 December 2017/1 January 2018	2,173	9,922	63,476	51	2,574	78,196
As at 31 December 2018	2,132	9,228	53,296	97	2,419	67,172

**14. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

\*\* Other

	Furniture and fittings RM'000	Motor vehicle RM'000	Renovation RM'000	Mould and dies RM'000	Plant, machinery equipment, Furniture electrical installation RM'000	Total RM'000
<b>Group</b>						
<b>Cost</b>						
As at 1 January 2017	2,937	6,250	4,489	6,737	19,383	39,796
Additions	5	-	18	-	18	41
Disposal	(6)	(94)	-	(39)	(178)	(317)
Written off	(114)	-	(887)	-	(627)	(1,628)
Adjustment	(11)	-	-	-	11	-
As at 31 December 2017/1 January 2018	2,811	6,156	3,620	6,698	18,607	37,892
Additions	19	106	352	-	147	624
Disposal	-	(365)	-	-	(301)	(666)
Adjustment	-	-	-	-	-	-
As at 31 December 2018	2,830	5,897	3,972	6,698	18,453	37,850
<b>Depreciation</b>						
As at 1 January 2017	2,650	4,960	3,279	6,466	17,786	35,141
Charge for the year	71	460	210	35	351	1,127
Disposal	(6)	(94)	-	-	(143)	(243)
Written off	(114)	-	(887)	-	(530)	(1,531)
Adjustment	(2)	-	-	-	2	-
Impairment loss	4	-	511	96	213	824
As at 31 December 2017/1 January 2018	2,603	5,326	3,113	6,597	17,679	35,318
Charge for the year	63	324	111	35	305	838
Disposal	-	(349)	-	-	(375)	(724)
Written off	-	-	-	-	(1)	(1)
As at 31 December 2018	2,666	5,301	3,224	6,632	17,608	35,431
<b>Carrying amount</b>						
As at 1 January 2017	287	1,290	1,210	271	1,597	4,654
As at 31 December 2017/1 January 2017	208	830	507	101	928	2,574
As at 31 December 2018	164	596	748	66	845	2,419

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**14. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

<b>Company</b>	<b>Furniture and fittings RM '000</b>	<b>Plant, machinery, equipment and electrical installation RM '000</b>	<b>Total RM '000</b>
<b>Cost</b>			
As at 1 January 2017	93	208	301
As at 31 December 2017/1 January 2018	93	208	301
Additions	-	4	4
As at 31 December 2018	93	212	305
<b>Accumulated depreciation</b>			
As at 1 January 2017	87	175	262
Charge for the year	2	14	16
As at 31 December 2017/1 January 2018	89	189	278
Charge for the year	-	-	-
As at 31 December 2018	89	189	278
<b>Impairment Loss</b>			
As at 1 January 2017	-	-	-
As at 31 December 2017/1 January 2018	4	20	24
As at 31 December 2018	4	20	24
<b>Carrying amount</b>			
As at 1 January 2017	6	33	39
As at 31 December 2017/1 January 2018	-	-	-
As at 31 December 2018	-	3	3

a) Net carrying amount of property, plant and equipment held under finance leases are as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Motor vehicles	612	560

b) The net carrying amount of property, plant and equipment pledged as securities for loans and borrowings, as disclosed in Note 28 to the financial statements, granted to the Group are as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Leasehold land	2,133	2,173
Buildings	9,010	9,692
Power plants	53,295	63,476
Renovation	11	15
Furniture and fittings	51	50
Plant, machinery, equipment and electrical installation	587	682
Mould and dies	65	101
Motor vehicles	596	830
	<b>65,748</b>	<b>77,019</b>

## 15. INVESTMENT PROPERTIES

	Leasehold lands RM '000	Shoplot RM '000	Building RM '000	Total RM '000
<b>Group</b>				
As at 1 January 2017	164,869	400	28,027	193,296
Changes in fair value recognised in profit or loss	31	(100)	(124)	(193)
As 31 December 2017	164,900	300	27,903	193,103
As at 1 January 2018	164,900	300	27,903	193,103
Changes in fair value recognised in profit or loss	-	(20)	(790)	(810)
As 31 December 2018	164,900	280	27,113	192,293
<b>Company</b>				
As at 1 January 2017	173,590	400	-	173,990
Changes in fair value recognised in profit or loss	31	(100)	-	(69)
As 31 December 2017	173,621	300	-	173,921
As at 1 January 2018	173,621	300	-	173,921
Changes in fair value recognised in profit or loss	(2,012)	(20)	-	(2,032)
As 31 December 2018	171,609	280	-	171,889

The investment properties are stated at fair value, which have been determined based on valuations performed by independent professional valuers. There are no material events that affect the valuation between the valuation date and financial year end.

The description of valuation techniques used and key inputs to valuation on investment properties are as follows:

Type of investment properties	Valuation technique	Significant unobservable inputs
Leasehold lands	Direct Comparison Method ("DCM")	Selling price per square foot ("psf") of comparable properties sold adjusted for location, accessibility, terrain, size, present market trends and other differences.
Buildings and shoplot	Investment Method	The capital value of the subject property is derived from an estimate of the Market Rental which the subject property can reasonably be let for adjusted for outgoings and future yields.
Building and plant & machinery	Depreciation Replacement Cost ("DRC")	The capital value of the subject property is derived by estimating the current gross replacement cost of the buildings and plant and machinery and allowing the physical deterioration and all other relevant forms of obsolescence and optimisation.

All assets and liabilities for which fair value is disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) prices in an active market for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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**15. INVESTMENT PROPERTIES (cont'd)**

**Policy on transfer between levels**

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

There is no transfer between Level 1, Level 2 and Level 3 fair values during the financial year.

The following table provides the quantitative disclosures fair value measurement hierarchy of the Group's and of the Company's investment properties. There was no material transfer between Level 1, Level 2 and Level 3 during the current financial year.

	Group		Company	
	Fair value measurement using		Fair value measurement using	
		Significant unobservable inputs		Significant unobservable inputs
	Total	(Level 3)	Total	(Level 3)
	RM '000	RM '000	RM '000	RM '000
<b>2018</b>				
Investment properties:				
- Leasehold lands	164,900	164,900	171,609	171,609
- Shoplot	280	280	280	280
- Building	27,113	27,113	-	-
	192,293	192,293	171,889	171,889
<b>2017</b>				
Investment properties:				
- Leasehold lands	164,900	164,900	173,621	173,621
- Shoplot	300	300	300	300
- Building	27,903	27,903	-	-
	193,103	193,103	173,921	173,921

Fair value disclosed in the financial statements is categorised within the Level 3 fair value hierarchy which is described as inputs for the asset or liability that are based on unobservable market data.

Investment properties	Valuation techniques	Range	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
Retail Unit No. LG.43A	Investment Method	3.13	<u>Retail</u>	The estimated fair value would increase/ (decrease) if:
Lower Ground Floor Plaza			Gross rental rate (RM/psf/month)	- expected market rental growth were higher/(lower)
Bukit Mertajam			Outgoings (%)	- expected outgoings rate were lower/ (higher)
Jalan Arumugam Pillai		35	Void rate (%)	- void rate were lower/(higher)
Bukit Mertajam		15	Reversionary year purchase (%)	- reversionary year purchase were lower/ (higher)
Pulau Pinang		7.5		



## 15. INVESTMENT PROPERTIES (cont'd)

Investment properties	Valuation techniques	Range	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
The Underwater World Langkawi	Investment Method		<u>Retail</u>	
Lot 63, Section 4, Bandar Padang Mat Sirat Langkawi		3.5 - 99.0	Actual rental rate (RM/psf/month)	expected market rental growth were higher/(lower)
Kedah Darul Iman		8.0 - 42.0	Reversionary rental rate (RM/psf/month)	expected reversionary rental growth were higher/(lower)
		30	Outgoings (%)	- expected outgoings rate were lower/(higher)
		35	Reversionary outgoings (%)	expected reversionary outgoings rate were lower/(higher)
		8.5	Term yield (%)	term yield rate were lower/(higher)
		9	Reversionary yield (%)	- reversionary yield were lower/(higher)
		20	Void rate (%)	- void rate were lower/(higher)
The Underwater World Langkawi	Direct Comparison Method		<u>Leasehold Land</u>	
Lot 63, Section 4 Bandar Padang Mat Sirat Langkawi		24.6 - 51.0	Transaction land price (RM psf)	- Transacted price were higher/(lower)
Kedah Darul Iman				
Lot No. 8906, Lot No. 8907 and Lot No. 8911 Mukim of Sungai Karang Kuantan	Direct Comparison Method		<u>Leasehold Land</u>	
Pahang Darul Iman		5.9 - 11.9	Transaction land price (RM psf)	- Transacted price were higher/(lower)

The following investment properties are held under lease terms:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Leasehold land	164,900	164,900	171,609	173,621
Buildings	27,113	27,903	-	-
	192,013	192,803	171,609	173,621

### Investment properties pledged as security

Investment properties of the Group and of the Company with net carrying amounts of RM192,013,438 (2017: RM192,803,338) and RM171,608,600 (2017: RM173,621,180) respectively are pledged as securities for loans and borrowings, as disclosed in Note 28 to the financial statements, granted to the Group and the Company.

Investment properties comprise a number of commercial properties leased to third parties and industrial lands held for capital appreciation.

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**16. LAND USE RIGHT**

	Group	
	2018	2017
	RM'000	RM'000
<b>Cost</b>		
As at beginning of the year	792	792
<b>Accumulated amortisation</b>		
At 1 January	500	458
Amortisation during the year (Note 9)	42	42
At 31 December	542	500
<b>Net carrying amount</b>	250	292
Amount to be amortised:		
- Not later than one year	42	42
- Later than one year but not later than five years	167	167
- Later than five years	41	83
	250	292

The Group had land use right over a plot of land at Mukim Kedawang in Langkawi, Kedah. The land use right is not transferable and have a remaining tenure of 35 years (2017: 36 years), which will expire on 18 July 2054.

**17. FINANCE LEASE RECEIVABLES**

	Group	
	2018	2017
	RM'000	RM'000
<b>As at 1 January</b>	13,263	13,951
Interest earned (Note 7)	729	767
Repayments	(1,455)	(1,455)
As at 31 December	12,537	13,263
Finance lease receivables are analysed as follows:		
Current	765	725
Non-current	11,772	12,538
	12,537	13,263

**Concession right accounted for as finance lease receivables**

Under the terms and conditions of the Power Purchase Agreement (“PPA”) executed between a wholly owned subsidiary, Musteq Hydro Sdn. Bhd. (“MHSB”) and Tenaga Nasional Berhad (“TNB”) dated 19 April 1997, MHSB is granted the right to supply electricity to TNB for 30 years. Previously, certain assets had been capitalised as concession asset and amortised over the asset’s useful lives.

The Group adopted IC Interpretation 4: Determining whether an Arrangement contains a Lease (“IC Int. 4”) and the application of the requirements of MFRS 117 Leases (“MFRS 117”). The finance lease receivables represent the fair value of the minimum lease payments for the right to use the assets and are repayable over the lease term of 30 years.

## 18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018	2017
	RM'000	RM'000
Unquoted shares at cost	159,084	164,732
Less: Accumulated impairment losses	(129,694)	(97,731)
	29,390	67,001

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

Name of Subsidiaries	Effective Equity Interest		Principal Activities
	2018 %	2017 %	
Eden Airport Restaurant Sdn. Bhd.	100	100	Ceased operation.
Eden Catering Sdn. Bhd.	100	100	Food caterers, baker and dealer in cakes and pastries.
Eden Seafood Village Sdn. Bhd.	95	95	Dormant
Eden Seafood Village (Langkawi) Sdn. Bhd	100	100	Operation management of rental retail commercial space.
Stratavest Sdn. Bhd.	100	100	Developer and operator of power plant as an independent power producer.
Langkawi Batik Enterprises Sdn. Bhd.	100	100	Investment holding and providing operation and maintenance services of power plant.
Time Era Sdn. Bhd.	70	70	Manufacturer of electrical and engineering parts
Underwater World Langkawi Sdn. Bhd.	100	100	Aquarium and related activities.
Eden Seafood Village (Selangor) Sdn. Bhd. @	-	100	Dormant
Eden Cake House Sdn. Bhd.	98	98	Dormant
Underwater World Melaka Sdn. Bhd.	100	100	Dormant
Eden Garden Hotel (JB) Sdn. Bhd.@	-	100	Dormant
Eden Industries Sdn. Bhd. @	-	100	Dormant.
Star Vor Sdn. Bhd.	100	100	Dormant
Eden Minerals Sdn. Bhd.	100	100	Dormant
Eden Mining Minerals Sdn. Bhd.	100	100	Ceased operation.
<b>Held through Langkawi Batik Enterprises Sdn. Bhd.</b>			
Musteq Hydro Sdn. Bhd.	100	100	Developer and operator of power plant as an independent hydro power producer.
Megantara Engineering Sdn. Bhd. #	90	-	Supplying engineering equipment and other peripherals to the marine industry and supply of manpower to the marine industry.
<b>Held through Underwater World Langkawi Sdn. Bhd.</b>			
Edisi Unggul Facility Management Sdn. Bhd.	100	100	Dormant

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**18. INVESTMENTS IN SUBSIDIARIES (cont'd)**

Details of the subsidiaries, which are incorporated in Malaysia, are as follows (cont'd):

Name of Subsidiaries (cont'd)	Effective Equity Interest		Principal Activities
	2018	2017	
	%	%	
<b>Held through Time Era Sdn. Bhd.</b>			
NES Electric (M) Sdn. Bhd.	70	70	Dealer in electrical and electronic equipment and components.
Time Era Industries Sdn. Bhd.	-	70	Manufacturer of plastic components.
Cur (Far East) Sdn. Bhd.	53	53	Manufacturer of circuit breakers and electrical equipment.
Time Era Technologies Sdn. Bhd.	50	50	Supply and installation of LED lighting

All subsidiaries audited by Afrizan Tarmili Khairul Azhar except Megantara Engineering Sdn. Bhd.

@ The companies was strike off during the year under Section 551 of the Companies Act 2016

# Audited by other chartered accountants

(a) Acquisition of subsidiary

On 5 October 2018, the Company through its wholly-owned subsidiary, Langkawi Batik Enterprises Sdn. Bhd. ("LBE"), completed the acquisition of 90,000 ordinary shares, representing 90% of the total issued and paid-up share capital of Megantara Engineering Sdn. Bhd. ("MESB"), for a total cash consideration of RM100. Resulting from the acquisition, MESB becomes a 90% sub-subsidiary of the Company.

The following summaries the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value consideration transferred:

	<b>Group 2018 RM'000</b>
Cash and cash equivalents	100

**Identifiable assets acquired and liabilities assumed:**

Cash and cash equivalents	15,500
Receivables, deposits and prepayments	18,849
Amount due from director	45,141
	<b>79,490</b>

**Net cash outflow arising from acquisition of subsidiary:**

Purchase consideration settled in cash and cash equivalents	(100)
Cash and cash equivalents acquired	15,500
	<b>15,400</b>

Bargain on purchase recognised as a result of the acquisition as follows:

Total consideration transferred	100
Fair value of identifiable net assets	(79,490)
	<b>(79,390)</b>

## 18. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries, which are incorporated in Malaysia, are as follows (cont'd):

(b) Disposal of a subsidiary

On 14 December 2018, Time Era Sdn. Bhd. ("TESB"), a partially-owned subsidiary of the Company disposed of its entire Issued and paid-up share capital of Time Era Industries Sdn. Bhd. ("TEISB"), a wholly-owned subsidiary of TEBB, for a consideration of RM74,274. The subsidiary was previously reported as part of the manufacturing business segment.

Summarised financial information of the subsidiary that has material non-controlling interests are provided below. This represents the amounts in Time Era Group's financial statements and not the Group's share of those amounts.

Summarised financial information before intra-group elimination:

	Time Era Group	
	2018	2017
	RM'000	RM'000
Non-current assets	450	1,625
Current assets	13,721	15,482
Non-current liabilities	(145)	(304)
Current liabilities	(7,394)	(6,527)
Net assets	6,632	10,276
Equity attributable to equity holders of the Company	7,409	10,597
Non-controlling interests	(777)	(321)
<b>Period ended 31 December</b>		
Revenue	12,064	18,224
Loss for the year, representing total comprehensive expense for the year	(2,751)	(2,850)
Total comprehensive loss attributable to:		
Equity holders of the Company	(2,297)	(2,541)
Non-controlling interests	(454)	309
Total comprehensive loss	(2,751)	(2,232)
Cash flow generated from/(used in) operating activities	(1,181)	(951)
Cash flow used in investing activities	804	(13)
Cash flow generated from financing activities	334	929
Net changes in cash and cash equivalents	(43)	(35)
Cash and cash equivalents at the beginning of the year	87	122
Cash and cash equivalents at the end of the year	44	87

## 19. INVESTMENT IN ASSOCIATE COMPANY

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>Unquoted share</b>				
Balance as at beginning/ end of the year	40	40	40	40

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**19. INVESTMENT IN ASSOCIATE COMPANY (cont'd)**

The associated company is as follows:

Name of Associate	Country of Incorporation	Effective Equity		Principal Activities
		2018 %	2017 %	
Eden Pesaka Sdn. Bhd.	Malaysia	40	40	Dormant

The following table summarises the information of the Group's associate company and reconciles the information to the carrying amount of the Group's interest in the associated company.

Summarised financial information:

	2018 RM'000	2017 RM'000
<u>As at 31 December</u>		
Current assets, representing total assets	82	84
Current liabilities, representing total liabilities	1	1
Net assets/(liabilities)	83	85
<u>Year ended 31 December</u>		
Revenue	-	-
(Loss)/Profit for the year, representing total comprehensive (expense)/income for the year	(2)	3

The results of associate companies are not material and not adjusted for the proportion of ownership interest held by the Group.

The Group does not have any capital commitment or contingent liabilities in relation to its interest in the associated companies as at year ended.

**20. OTHER INVESTMENTS**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<u>Available for sale financial assets</u>				
Unquoted shares at cost	8	8	6	6
Unquoted subordinated bonds	4,500	4,500	4,500	4,500
Less:				
Accumulated impairment losses	(4,500)	(4,500)	(4,500)	(4,500)
	8	8	6	6

Unquoted subordinated bonds subscribed from CapOne Berhad and Prima Uno Berhad are classified as other investments. The returns from the bonds rank subsequent to the Super Senior Bonds, the Senior Bonds and the Mezzanine Bonds in terms of priority, and will be recognised when the right to receive the income is established.



## 21. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>					
<b>Trade receivables</b>					
Third parties	(a)	-	772	-	-
<b>Other receivables</b>					
Amounts due from subsidiaries	(b)	-	-	126,718	105,010
Loan to a subsidiary	(c)	-	-	6,270	6,270
Amount due from holding company	(d)	63,805	48,985	-	-
Sundry receivables		-	315	-	-
Other receivables, net		63,805	49,300	132,988	111,280
		63,805	50,072	132,988	111,280
<b>Current</b>					
<b>Trade receivables</b>					
Third parties		18,902	24,324	-	-
Less: Allowance for impairment		(12,908)	(13,045)	-	-
Trade receivables, net	(a)	5,994	11,279	-	-
<b>Other receivables</b>					
Amount due from holding company	(d)	-	13,207	-	-
Amounts due from subsidiaries	(b)	-	-	34,330	36,056
GST claimable		-	616	-	205
Refundable deposits		68	382	-	97
Sundry receivables		3,777	2,621	149	499
		3,845	16,826	34,479	36,857
Less: Allowance for impairment on	(e)				
- Subsidiaries		-	-	(30,926)	(32,119)
- Sundry receivables		(2)	(983)	-	(474)
Other receivables, net		3,843	15,843	3,553	4,264
		9,837	27,122	3,553	4,264
<b>Total trade and other receivables (current and non-current)</b>					
		73,642	77,194	136,541	115,544

### (a) Trade receivables

Movement in allowance account:

	Group	
	2018 RM'000	2017 RM'000
Trade receivables	18,902	24,324
Less: Allowance for impairment	(12,908)	(12,042)
	5,994	12,282

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**21. TRADE AND OTHER RECEIVABLES (cont'd)**

**(a) Trade receivables (cont'd)**

The Group's normal trade credit terms range from 30 to 120 (2017: 30 to 120) days. The allowance for impairment losses is made mainly on those trade receivables in significant financial difficulties and has defaulted on payments.

The reconciliation of the allowance account is as follows:

	2018 RM'000	2017 RM'000
As at 1 January 2018	12,042	11,432
Restated through opening retained earnings	1,003	-
Opening impairment loss of trade receivables in accordance with MFRS 9	13,045	11,432
Addition (Note 9)	113	618
Reversal on allowance for impairment receivable (Note 6)	-	(8)
Reversal	(250)	-
As at 31 December 2018	12,908	12,042

**(b) Amount due from subsidiaries**

Amount due from subsidiaries are non-interest bearing amount except for a total amount of RM69,416,019 (2017:RM66,343,815) which bear interest of 7% (2016:7%) per annum. All amounts due from subsidiaries are unsecured and are to be settled in cash.

**(c) Loan to a subsidiary**

Loan to a subsidiary is unsecured and is to be settled in cash which bears interest at 7.65% (2017: 7.65%) and is due on 2022.

**(d) Amount due from holding company**

The amount due from holding company bears interest of 7% (2017: 7%). Amount due from holding company is repayable within the next twelve months, except for an amount RM63,804,660, which is not repayable within the next twelve months. The Group entered into Deed of Assignment, whereby ZESB assigned its right in and to the net sale proceeds from the planned disposal of certain identified lands of ZESB as settlement of the amount owing to Stratavest Sdn Bhd (STV). As an assurance and commitment to STV, ZESB has agreed and consented to the lodgement of a private caveat on four identified lands by STV which was duly lodged on 28 July 2012.

**(e) Other receivables**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other receivables	2	983	30,926	32,593
Less: Allowance for impairment losses	(2)	(983)	(30,926)	(32,593)
	-	-	-	-

## 21. TRADE AND OTHER RECEIVABLES (cont'd)

### (e) Other receivables (cont'd)

Movement in allowance accounts:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
As at 1 January	983	983	32,593	32,305
Charge for the year				
- Subsidiaries	-	-	100	369
Reversal of impairment losses	-	-	(1,767)	-
Bad debt written off	(981)	-	-	(81)
As at 31 December	2	983	30,926	32,593

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

Total receivables are classified as financial assets measured at amortised cost.

Trade receivables are non-interest bearing and the normal credit terms of trade receivables granted by the Company ranged from 30 to 120 days (2017: 30 to 120 days). They are recognised at their original invoices amounts, which represent their fair values on initial recognition.

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Company uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method separately based on the age of customer relationship.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the statement of profit or loss. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment. The Company defined significant increase in credit risk as 20% on relative basis. Estimated cash flows recoverable in worst-case scenarios are based on the fair value of the collateral.

It requires management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward-looking information, significant increase in credit risk, and estimated cash flows recoverable in worst-case scenarios.

Lifetime expected loss provision for trade receivables as at 31 December 2018 are as follows:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
Expected loss rate	0.00%	5.50%	12.60%	19.70%	100.00%	
Gross carrying amount	545	1,563	2,192	2,560	12,042	18,902
Loss provision (RM'000)	-	86	276	504	12,042	12,908

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**21. TRADE AND OTHER RECEIVABLES (cont'd)**

Movements in the impairment allowance for trade receivables are as follows:

	Group	
	2018	2017
	RM'000	RM'000
As at 1 January under MFRS 139	12,042	-
Restated through opening retained earnings	1,003	-
Opening impairment loss of trade receivables in accordance with MFRS 9	13,045	-
Reversal of impairment losses	(250)	-
Charge for the financial year	113	-
As at 31 December	12,908	-

No expected credit loss is recognised arising from other receivables as it is negligible.

**22. OTHER ASSETS**

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>Non-current:</b>				
Prepaid operating expenses	1,383	1,277	1,383	1,277
<b>Current:</b>				
Prepaid operating expenses	450	1,252	40	781

**23. DEFERRED TAX**

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
As at 1 January	(21,285)	(24,187)	4,033	4,930
Recognised in profit or loss	(3,564)	2,902	(342)	(897)
As at 31 December	(24,849)	(21,285)	3,691	4,033

Deferred tax assets and liabilities are offset when there is legally enforceable right to set-off current tax asset against current tax liabilities and where the deferred income taxes relate to the same tax authority.

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	14,307	19,354	4,907	5,396
Unutilised tax losses	(9,420)	(13,302)	-	-
Unutilised capital allowances	(7,311)	(8,563)	-	-
Unutilised investment allowance	(21,330)	(23,499)	-	-
Other timing differences	(2,219)	3,601	(1,216)	(1,363)
	(25,973)	(22,409)	3,691	4,033

## 24. INVENTORIES

	Group	
	2018	2017
	RM'000	RM'000
At cost:		
Raw materials	5,736	10,689
Work-in-progress	2,209	317
Food and beverage	65	84
Electrical and engineering parts	6,299	4,771
	14,309	15,861
Less: Impairment	(1,836)	-
<b>Net realisable value</b>		
Raw materials	-	187
Finished goods	-	500
	12,473	16,548

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM11,394,909 (2017: RM16,874,048).

Inventories amounted to RM12,408,969 (2017: RM16,464,031) are pledged as securities for loans and borrowings as disclosed in Note 28 and Note 30 to the financial statements.

## 25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	2,865	4,988	86	4,053
Deposits with:				
Licensed banks	8,388	1,155	269	260
Licensed financial institutions	32	32	-	-
Total cash and cash equivalents	11,285	6,175	355	4,313
- Pledged deposits	(8,388)	(661)	(269)	(260)
- Sinking fund	(32)	(526)	-	-
	2,865	4,988	86	4,053
Bank overdrafts	(13,098)	(3,020)	-	-
	(10,233)	1,968	86	4,053

Deposits with licensed banks and licensed financial institution of the Group and of the Company amounting to RM8,388,422 (2017: RM660,955) and RM268,831 (2017: RM260,955) respectively are pledged to licensed banks for credit facilities granted to the Group and the Company respectively as disclosed in Note 28 to the financial statements.

Deposits with licensed banks and licensed financial institution of the Group amounting to RM31,920 (2017: RM526,082) is maintained as a minimum balance of sinking fund for the Ijarah Term Financing Facility and Bank-Guaranteed Sukuk Musharakah granted to two subsidiaries, Stratavest Sdn. Bhd. and Musteq Hydro Sdn. Bhd. respectively as disclosed in Note 28 and Note 30 to the financial statements.

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**26. SHARE CAPITAL**

The movements in the total number of issued shares of the Group and of the Company are as follows:

	Group/Company		
	Share capital (issued and fully paid) Unit	Share capital (issued and fully paid) RM'000	Total share capital RM'000
As at 1 January 2016	311,362,271	311,362	311,362
Issuance of shares	-	-	-
As at 31 December 2017	311,362,271	311,362	311,362
Issuance of new shares under - conversion of RCN (Note 31)	66,165,778	10,400	10,400
As at 31 December 2018	377,528,049	321,762	321,762

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

**27. DEFERRED INCOME**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
As at 1 January				
Secured:				
Recognised as income during the financial year:	9,621	16,306	5,067	6,048
Amortisation of deferred income income (Note 6)	(2,277)	(5,704)	-	-
Rental income	(981)	(981)	(981)	(981)
As at 31 December	6,363	9,621	4,086	5,067
Represented by:				
Advanced rental income received from third parties	4,086	5,066	4,086	5,067
Unearned revenue from capacity payments	2,277	4,555	-	-
	6,363	9,621	4,086	5,067
The deferred income is analysed as follows:				
Current	3,258	3,258	981	981
Non-current	3,105	6,363	3,105	4,086
	6,363	9,621	4,086	5,067



## 27. DEFERRED INCOME (cont'd)

The Company's deferred income is in respect of the advanced rental income received from third party, DFZ Duty Free Sdn. Bhd. for a property owned by its wholly-owned subsidiary, Underwater World Langkawi Sdn. Bhd.

The unearned revenue from capacity payments is in relation to its wholly-owned subsidiary, Stratavest Sdn Bhd upon adoption of IC Interpretation 4.

## 28. LOANS AND BORROWINGS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>				
Secured:				
Bank-Guaranteed Sukuk Musharakah (Note 30)	30,000	40,000	-	-
Bank loans:				
- Fixed rate of 3.75% (c)	-	33	-	-
Obligation under finance lease (Note 32)	486	647	-	-
	30,486	40,680	-	-
<b>Current</b>				
Secured:				
Bank overdrafts (a)	13,098	3,020	-	-
Bank-Guaranteed Sukuk Musharakah (Note 30)	10,000	10,000	-	-
Bridging loan:				
- Fixed rate of 3% p.m. (b)	556	6,171	556	6,170
Bank loans:				
- COF + 2% (c)	26,145	29,896	26,145	29,896
- Fixed rate of 3.75% (c)	247	2,578	-	-
Obligation under finance lease (Note 32)	266	385	-	-
Redeemable convertible notes (d)	600	-	600	-
	50,912	52,050	27,301	36,066
<b>Total loans and borrowings</b>				
Bank overdrafts (a)	13,098	3,020	-	-
Bank-Guaranteed Sukuk Musharakah (Note 30)	40,000	50,000	-	-
Bridging loan:				
- Fixed rate of 3% p.m. (b)	556	6,171	556	6,170
Bank loans:				
- COF + 2% (c)	26,145	29,896	26,145	29,896
- Fixed rate of 3.75% (c)	247	2,611	-	-
Obligation under finance leases (Note 32)	752	1,032	-	-
Redeemable convertible notes (d)	600	-	600	-
	81,398	92,730	27,301	36,066

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**28. LOANS AND BORROWINGS (cont'd)**

The remaining maturities of the loans and borrowings as at end of financial year are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
On demand or within one year	50,912	52,050	27,301	36,066
More than 1 year and less than 2 years	10,165	10,250	-	-
More than 2 years and less than 5 years	20,281	30,327	-	-
5 years or more	40	103	-	-
	81,398	92,730	27,301	36,066

Obligations under finance leases

These obligations are mostly secured by charge over the Group's motor vehicles and corporate guarantee by Eden Inc. Berhad, bearing effective interest rate of between 4.69% - 6.54% (2017: 4.69% - 6.54%) per annum ("p.a.").

a. Banking facilities

	Group	
	2018	2017
	RM'000	RM'000
Bank overdraft (BLR + 1.75%) (i)	13,098	3,020

Bank overdraft

Bank overdraft is secured by the following:

- Corporate guarantee by Eden Inc. Berhad;
- Fixed charge over two parcel of Group's leasehold land; and
- Negative pledge over all assets of Eden Catering Sdn. Bhd.

b. Bridging loan

The bridging loan is secured by way of an issuance of the Company's shares at the lower of (i) 10% discount to the market price of Company's shares as at the date of relevant request; or (ii) the maximum discount permissible under the requirements of Main Market of Bursa Malaysia, pursuant to the Company's shares issue general mandate, such that the total issue price represented by such Company's shares will amount to the outstanding amount.

c. Bank loans

Cost of Funds ("COF") + 2%

**RM bank loan at COF + 2%**

The Ijarah facility is secured through debenture by way of fixed and floating charges over all present and future assets of STV, assignment of all rights and benefits of STV under Libaran power station's project agreement and, that all the revenue/sales proceeds and any other income from the Libaran power stations, insurance proceeds and any other amounts (save and except for monies received for the prior year's entitlement), of any kind received by STV shall be credited into the designated accounts and shall be applied in the manner as stipulated under the "transaction documents".

On 29 January 2013, the Company restructured its existing Ijarah Term Financing facility ("Ijarah 1") which is additionally secured through a fixed charge on the Group's leasehold land.

## 28. LOANS AND BORROWINGS (cont'd)

### c. Bank loans (cont'd)

#### Fixed rate of 3.75%

#### **3.75% per annum ("p.a.") fixed rate RM bank loan**

This loan is secured through a fixed charge on the Group's leasehold land, corporate guarantee by the Company and fixed floating charge by debenture over the plant and machinery, existing and future assets of a wholly-owned subsidiary.

The principal terms of Bank-Guaranteed Sukuk Musharakah are disclosed in Note 30 to the financial statements.

### d. Redeemable convertible notes ("RCN")

The RCN bear interest from the respective dates on which they are issued and registered at the rate of 1.0% per annum, payable semi-annually in arrears on 30 June and 31 December in each year with the last payment being made on the Maturity Date.

## 29. TRADE AND OTHER PAYABLES

The credit term of trade payables range from immediate payments to 60 days. However, the terms may vary upon negotiation with the trade payables.

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>Trade payables</b>				
Third parties	15,054	6,256	-	-
<b>Other payables</b>				
Amounts due to related parties:				
- Subsidiaries	-	-	61,033	44,014
- Associates	22	24	22	24
Accruals	2,723	16,709	2,631	10,318
Trade deposits	15	3,345	15	15
Interest payables	781	969	-	-
Advance from directors	-	2,490	-	2,490
Sundry payables (a)	35,980	24,078	17,377	9,353
Total other payable	39,521	47,615	81,078	66,214
Total trade and other payables	54,575	53,871	81,078	66,214

(a) Included in sundry payables is provision for warranties are as follows:

#### **Provision for warranties**

	2018	2017
Group	RM'000	RM'000
As at 1 January	76	92
Provisions made during the year	460	37
Provisions used during the year	(57)	(53)
As at 31 December	479	76

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**29. TRADE AND OTHER PAYABLES (cont'd)**

(a) Included in sundry payables is provision for warranties are as follows (cont'd):

**Warranties**

The provision for warranties mainly relates to supply and installation of LED lighting during the financial years ended 31 December 2018. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to incur most of the liability over the next financial year.

**30. BANK-GUARANTEED SUKUK MUSHARAKAH ("SUKUK")**

	Group	
	2018	2017
	RM'000	RM'000
Bank-Guaranteed Sukuk Musharakah	55,520	68,100
Less: Profit	(15,520)	(18,100)
	40,000	50,000

On 26 January 2012, MHSB had issued 10 years new Bank-Guaranteed Sukuk Musharakah of up to RM80 million to refinance its existing ABBA Serial Bonds with the maturity date of 26 January 2022 for the power plant.

The proceeds received from the issuance of the Sukuk with attached profit is approximately RM22 million. The Sukuk comprise RM80 million principal with attached profit of RM22 million and profit rate are as follows:

Serial (years)	Financial year	Implied profit rates % per annum	Principal Sukuk		Profit Sukuk	
			2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
1	2012	3.80	-	-	-	-
2	2013	3.90	-	-	-	-
3	2014	4.00	-	-	-	-
4	2015	4.10	-	-	-	-
5	2016	4.20	-	-	-	-
6	2017	4.30	-	10,000	-	2,580
7	2018	4.40	10,000	10,000	3,080	3,080
8	2019	4.50	10,000	10,000	3,600	3,600
9	2020	4.60	10,000	10,000	4,140	4,140
10	2021	4.70	10,000	10,000	4,700	4,700
			40,000	50,000	15,520	18,100

RM10 million was paid during the year. The effective profit rate on the Sukuk for MHSB is 4.55% (2017: 4.50%) per annum.

The Sukuk are repayable as follows:

	Group	
	2018	2017
	RM'000	RM'000
Not later than 1 year	10,000	10,000
Later than 1 year and not later than 2 years	10,000	10,000
Later than 2 years and not later than 5 years	20,000	30,000
	30,000	40,000
	40,000	50,000

### 30. BANK-GUARANTEED SUKUK MUSHARAKAH ("SUKUK") (cont'd)

The Bank-Guaranteed Sukuk Musharakah is secured by the following:

- i. Bank guarantee issued by Maybank Islamic Bank Berhad with credit rating of AAA(bg) assigned by Rating Agency Malaysia;
- ii. A fixed charge on the Group's leasehold land;
- iii. Debenture by way of first fixed and floating charges over all present and future assets of MHSB;
- iv. Assignment of all rights and benefits of MHSB under the Sungai Kenerong small hydro power station's project agreements;
- v. All the revenues/sales proceeds, any other income from the Sungai Kenerong small hydro power station, equity contributions from the shareholders, insurance proceeds and all other amounts of any kind received by MHSB shall be credited into the designated accounts and shall be applied in the manner as stipulated under the Sukuk terms; and
- vi. Corporate guarantee by a wholly-owned subsidiary.

### 31. REDEEMABLE CONVERTIBLE NOTES

On 26 July 2018, the shareholders of the Company at the Extraordinary General Meeting approved the issuance of Redeemable Convertible Notes ("RCN") with an aggregate principal amount of up to RM60 million under a redeemable convertible notes programme convertible into a maximum of 500 million ordinary shares of minimum conversion price at RM0.12 each in the Company, representing 61.62% of the enlarge issued share capital. The RCN has a tenure of 3 years up to 13 August 2021 ("Maturity Date").

The proceeds from the issuance are to be utilised for the following purposes:

Purpose	Proposed Utilisation RM'000	Issuance in 2018 RM'000	Balance RM'000
Repayment of the Group's borrowings	24,000	-	24,000
Finance the working capital requirements and/or capital expenditure of the Group	30,100	(9,263)	20,837
Defray fees and expenses in connection to the issuance of the Notes	5,900	(1,737)	4,163
	60,000	(11,000)	49,000

During the year, the Company has converted 66,165,778 units of RM10,400,000.

The salient terms of the RCN are as follows:-

- i) Interest Rate  
The RCN bear interest from the respective dates on which they are issued and registered at the rate of 1.0% per annum, payable semi-annually in arrears on 30 June and 31 December in each year with the last payment being made on the Maturity Date.
- ii) Conversion Price  
The price at which each Conversion Share shall be issued upon conversion of the Notes be:
  - a) In respect of Tranche 1 Notes of RM20.0 million, 80% of average closing price per Share on any three (3) consecutive market days as selected by the Noteholder(s) during the forty-five (45) market days immediately preceding the relevant conversion date on which Shares were traded on the Main Market of Bursa Securities;
  - b) In respect of Tranche 2 Notes of RM15.0 million, 82% of average closing price per Share on any three (3) consecutive market days as selected by the Noteholder(s) during the forty-five (45) market days immediately preceding the relevant conversion date on which Shares were traded on the Main Market of Bursa Securities;

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**31. REDEEMABLE CONVERTIBLE NOTES (cont'd)**

The salient terms of the RCN are as follows (cont'd):-

- ii) **Conversion Price (cont'd)**  
The price at which each Conversion Share shall be issued upon conversion of the Notes be (cont'd):
  - c) In respect of Tranche 3 Notes of RM15.0 million, 85% of average closing price per Share on any three (3) consecutive market days as selected by the Noteholder(s) during the forty-five (45) market days immediately preceding the relevant conversion date on which Shares were traded on the Main Market of Bursa Securities;
  - d) In respect of Tranche 4 Notes of RM10.0 million, 90% of average closing price per Share on any three (3) consecutive market days as selected by the Noteholder(s) during the forty-five (45) market days immediately preceding the relevant conversion date on which Shares were traded on the Main Market of Bursa Securities;
- iii) All RCN are convertible at the option of the Company (except Tranche 1), subject to the terms of the Redemption Option at any time after the issue date of the RCN and up to the day falling seven (7) days prior to the Maturity Date.
- iv) **Redemption Option**
  - a) Any RCN which are not redeemed or purchased, converted or cancelled by the Company will be redeemed by the Company at 100% of their principal amount on the Maturity Date.
  - b) If the Conversion Price is less than or equal to 65% of the daily average volume weighted average price (VWAP) per share for the forty-five (45) consecutive market days period prior to the respective Closing Dates, at an amount calculated in accordance with the formula as set out in the Circular to Shareholder dated 29 June 2018.

**32. COMMITMENTS**

**(a) Capital commitments**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Capital expenditure</b>		
Approved but not contracted for:		
- Property, plant and equipment	6,155	2,862

**(b) Operating lease commitments - as lessee**

In addition to the land use right disclosed in Note 16, the Group entered into non-cancellable operating lease agreements for the use of buildings. These leases have 1 to 15 years (2017: 1 to 15 years) term with no purchase option included in the contracts. There is no restriction placed upon the Group by entering into these leases.

The future aggregate minimum lease payments under non-cancellable operating lease contracted for as at reporting date but not recognised as liabilities are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Not later than 1 year	1,560	1,878	360	480
Later than 1 year and not later than 2 years	964	1,560	-	360
Later than 2 years and not later than 5 years	2,900	2,898	-	-
Later than 5 years	2,736	3,703	-	-
	8,160	10,039	360	840



### 32. COMMITMENTS (cont'd)

#### (c) Finance lease commitment

The Group has finance leases for certain items of motor vehicles. These leases do not have terms of renewal, but have purchase options at nominal value at the end of the lease term. There are no restrictions placed upon the Group by entering into these leases and no arrangements have been entered into for contingent rental payments.

	Group	
	2018	2017
	RM'000	RM'000
<b>Future minimum finance lease payments:</b>		
Not later than 1 year	257	423
Later than 1 year and not later than 2 years	179	243
Later than 2 years and not later than 5 years	374	360
Later than 5 years	30	106
Total minimum future finance lease payments	840	1,132
Less: Future finance charge	(88)	(100)
Present value of finance lease payments	752	1,032
 <b>Analysis of present value of finance lease payments:</b>		
Not later than 1 year	235	385
Later than 1 year and not later than 2 years	158	217
Later than 2 years and not later than 5 years	338	327
Later than 5 years	21	103
	752	1,032
Less: Amount due within 12 months (Note 28)	(266)	(385)
Amount due after 12 months (Note 28)	486	647

### 33. SIGNIFICANT RELATED PARTY DISCLOSURES

- a. In addition to the transactions detailed elsewhere in the financial statements, the following significant transactions took place at terms agreed between the Group and its related parties during the financial year:

	2018	2017
	RM'000	RM'000
<b>Group</b>		
Interest income from holding company	3,012	5,485
 <b>Company</b>		
Management fees charged to subsidiaries	2,140	1,990
Rental income charged to subsidiaries	762	762
Interest income charged to subsidiaries	5,316	6,218
	11,230	14,455

Information regarding outstanding balances arising from significant related party transactions as at year ended.

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**33. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)**

b. Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	2,787	2,743	2,525	2,360
Allowances	386	387	386	365
Fees	270	300	150	280
Defined contribution plan	534	525	494	470
Estimated monetary value of benefits-in-kind	421	403	337	317
	4,398	4,358	3,892	3,792

Included in total key management personnel are:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration	3,105	3,300	2,792	2,822
Estimated monetary value of benefits-in-kind	381	377	297	290

**34. FAIR VALUE OF FINANCIAL INSTRUMENTS**

**Determination of fair value**

i. **Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.**

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

	Note
Finance lease receivables	17
Trade and other receivables	21
Loans and borrowings	28
Trade and other payables	29

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are repriced to market interest rates on or near to the reporting date.

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

The fair value of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

## 34. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

### Determination of fair value (cont'd)

#### ii. Amounts due from/(to) related parties, loan to a subsidiary and fixed rate bank borrowings

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

#### iii. Financial guarantees

The Company provides unsecured financial guarantees to bank and other institutions in respect of facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

A nominal amount of RM13,345,202 (2017: RM5,630,741) relates to corporate guarantees provided by the Company to the banks and other institutions in respect of facilities of its subsidiaries.

As at the reporting date, there was no indication that any subsidiary would default on repayment. The financial guarantees provided to financiers for subsidiaries are considered not likely to crystallise.

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors review and agree policies and procedures for managing each of these risks, which are executed by executive chairman, executive director and senior management of the Group. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

### a. Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

#### Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 21 to the financial statements.

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### a. Credit risk (cont'd)

##### Credit risk concentration profile

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

	2018		2017	
	RM'000	% of total	RM'000	% of total
By industry sector:				
- Food, beverage ("F&B") and tourism	576	10%	1,160	9%
- Manufacturing	4,065	68%	5,273	43%
- Energy	1,353	22%	5,849	48%
	5,994	100%	12,282	100%

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments except for an amount due from holding company, ZESB, with an outstanding balance of approximately RM63.8 million (2017: RM62 million). The amount due from holding company bears an interest of 7% (2017: 7%). Amount due from holding company is repayable within the next twelve months, except for an amount of RM50,598,660, which is not repayable within the next twelve months. Other salient terms are as disclosed in Note 21 to the financial statements.

##### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21 to the financial statements. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

##### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21 to the financial statements.

#### b. Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### b. Liquidity risk (cont'd)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Group</b>				
<b>Financial liabilities</b>				
<b>At 31 December 2018</b>				
Trade and other payables	54,575	-	-	54,575
Loan and borrowings	50,912	30,446	40	81,398
Total discounted financial liabilities	105,487	30,446	40	135,973
<b>At 31 December 2017</b>				
Trade and other payables	53,871	-	-	53,871
Loan and borrowings	52,050	40,577	103	92,730
Total discounted financial liabilities	105,921	40,577	103	146,601
<b>Company</b>				
<b>Financial liabilities</b>				
<b>At 31 December 2018</b>				
Trade and other payables	81,078	-	-	81,078
Loan and borrowings	27,301	-	-	27,301
Total discounted financial liabilities	108,379	-	-	108,379
<b>At 31 December 2017</b>				
Trade and other payables	66,214	-	-	66,214
Loan and borrowings	36,066	-	-	36,066
Total discounted financial liabilities	102,280	-	-	102,280

#### c. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from variable interest rate loans and borrowings, and loans at floating rate given to a subsidiary. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

#### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM60,915 (2017: RM110,838) higher/ lower, arising mainly as a result of lower/ higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### d. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily through cash advances that are denominated in a currency other than the functional currency of the operations to which they relate. The currency that gives rise to this risk are United States Dollar ("USD") and Singapore Dollars ("SGD"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Groups' exposure to foreign currency changes are not material.

### 36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximises shareholder value.

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statements of financial position) less cash and bank balances. Total capital is calculated as 'equity' as shown in the statements of financial position.

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Loans and borrowings	28	81,398	92,730	27,301	36,066
Trade and other payables		54,575	53,871	81,078	66,214
Less:					
Cash and cash equivalents	25	(11,285)	(6,175)	(355)	(4,313)
Net debt		124,688	140,426	108,024	97,967
Equity attributable to the equity holders of the Company		245,537	243,023	222,402	248,212
Capital and net debt		370,225	383,449	330,426	346,179
Gearing ratio		34%	37%	33%	28%

With respect to banking facilities that a wholly-owned subsidiary, namely Musteq Hydro Sdn. Bhd. has with the lenders, the subsidiary is committed to ensure it maintains an annual Finance Service Cover Ratio of not less than 1.25:1 and Debt/Equity Ratio of not more than 80:20.



### 37. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- i. Energy components segment operates power plants as independent power producers;
- ii. Food, beverage ("F&B") and tourism segment operates restaurant, catering, and operating aquarium and related activities; and
- iii. Manufacturing segment produces and manufacture electrical and engineering parts.

Other business segments include provision of corporate and management services and rental of property, neither of which constitutes a separately reportable segment.

Except as indicated above, no other operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	F&B, rental and tourism	Manu- facturing	Energy	Others	Elimination	Total
2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
Sales to external customers	24,819	12,064	26,138	-	-	63,021
Inter-segment revenue	-	-	1,800	2,140	(3,940)	-
Total revenue	24,819	12,064	27,938	2,140	(3,940)	63,021
<b>Results</b>						
Operating results	8,108	(2,722)	(7,484)	(38,299)	34,055	(6,342)
Interest income	-	-	5,447	5,324	(6,977)	3,794
Finance costs	(399)	(43)	(9,984)	(3,352)	6,211	(7,567)
Loss before taxation	7,709	(2,765)	(12,021)	(36,327)	33,289	(10,115)
Income tax expense	(2,298)	15	3,251	118	-	1,086
Non-controlling interest	-	451	-	-	692	1,143
Loss for the year	5,411	(2,299)	(8,770)	(36,209)	33,981	(7,886)
<b>Assets</b>						
Segment assets/Total assets	128,776	13,385	223,380	339,647	(303,880)	400,308
<b>Liabilities</b>						
Segment liabilities/Total liabilities	97,726	6,807	214,453	117,245	(283,299)	152,932

**NOTES TO THE  
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**37. SEGMENTAL INFORMATION (cont'd)**

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment (cont'd):

	F&B, rental and tourism	Manu- facturing	Energy	Others	Elimination	Total
2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
Sales to external customers	25,607	18,224	9,371	-	-	53,202
Inter-segment revenue	-	-	1,800	1,990	(3,790)	-
Total revenue	25,607	18,224	11,171	1,990	(3,790)	53,202
<b>Results</b>						
Operating results	8,482	(2,665)	(16,436)	(1,721)	875	(11,465)
Interest income	-	7	8,341	6,225	(8,299)	6,274
Finance costs	(458)	(258)	(12,067)	(2,147)	7,205	(7,725)
Loss before taxation	8,024	(2,916)	(20,162)	2,357	(219)	(12,916)
Income tax expense	(1,935)	67	(3,919)	140	-	(5,647)
Non-controlling interest	-	309	-	-	488	797
Loss for the year	6,089	(2,540)	(24,081)	2,497	269	(17,766)
<b>Assets</b>						
Segment assets/Total assets	112,990	15,928	232,196	362,883	(304,610)	419,387
<b>Liabilities</b>						
Segment liabilities/Total liabilities	87,980	6,593	224,584	114,671	(260,446)	173,382

**38. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES**

MFRS 9, *Financial Instruments*

MFRS 9 replaces MFRS 139, *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied MFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

(i) Classification of financial assets and financial liabilities

The Company classify their financial assets into the following measurement categories depending on the business model of the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

### 38. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (cont'd)

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

(i) Classification of financial assets and financial liabilities (cont'd)

The following summarises the key changes:

- The Available-For-Sale (AFS), Held-To-Maturity (HTM) and Loans and Receivables (L&R) financial asset categories were removed.
- A new financial assets category measured at Amortised Cost (AC) was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial assets category measured at Fair Value Through Other Comprehensive Income (FVTOCI) was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial assets category for non-traded equity investments measured at FVTOCI was introduced.
- MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:
  - Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
  - The remaining amount of change in the fair value is presented in profit or loss

(ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Company by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Company to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in Statement of Comprehensive Income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

**38. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (cont'd)**

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

(ii) Impairment of financial assets (cont'd)

Impairment for receivables from related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

(iii) Classification and measurement

The following tables are reconciliations of the carrying amount of the statement of financial position of the Company from MFRS 139 to MFRS 9 as at 1 January 2018:

		Existing under MFRS 139 Carrying amount as at 31 December 2017 RM'000	Effect of MFRS 9 RM'000	New under MFRS 9 Carrying amount as at 1 January 2018 RM'000
	Note			
<b>Non Current Assets</b>				
Property, plant and equipment	14	78,196	-	78,196
Investment properties	15	193,103	-	193,103
Land use rights	16	292	-	292
Finance lease receivables	17	12,538	-	12,538
Investments in subsidiaries	18	-	-	-
Investments in associates	19	40	-	40
Other investments	20	8	-	8
Trade and other receivables	21	50,072	-	50,072
Other asset	22	1,277	-	1,277
Deferred tax assets	23	32,039	-	32,039
<b>Total Non Current Assets</b>		<b>367,565</b>	<b>-</b>	<b>367,565</b>
<b>Current Assets</b>				
Inventories	24	16,548	-	16,548
Trade and other receivables	21	28,125	(1,003)	27,122
Finance lease receivables	17	725	-	725
Other assets	22	1,252	-	1,252
Cash and bank balances	25	6,175	-	6,175
<b>Total Current Assets</b>		<b>52,825</b>	<b>(1,003)</b>	<b>51,822</b>
<b>Total Assets</b>		<b>420,390</b>	<b>(1,003)</b>	<b>419,387</b>

### 38. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (cont'd)

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

(iii) Classification and measurement (cont'd)

		Existing under MFRS 139 Carrying amount as at 31 December 2017	Effect of MFRS 9	New under MFRS 9 Carrying amount as at 1 January 2018
	Note	RM'000	RM'000	RM'000
<b>Equity</b>				
Share capital	26	311,362	-	311,362
Accumulated losses		(67,336)	(1,003)	(68,339)
		244,026	(1,003)	243,023
Non-controlling interest		2,982	-	2,982
<b>Total Equity</b>		247,008	(1,003)	246,005
<b>Non Current Liabilities</b>				
Deferred income	27	6,363	-	6,363
Loans and borrowings	28	40,680	-	40,680
Deferred tax liabilities	23	10,754	-	10,754
<b>Total Non Current Liabilities</b>		57,797	-	57,797
<b>Current Liabilities</b>				
Trade and other payables	29	53,871	-	53,871
Deferred income	27	52,050	-	52,050
Loans and borrowings	28	3,258	-	3,258
Tax payable		6,406	-	6,406
<b>Total Current Liabilities</b>		115,585	-	115,585
<b>Total Liabilities</b>		173,382	-	173,382
<b>Total Equity and Liabilities</b>		420,390	(1,003)	419,387

### 39. SIGNIFICANT EVENTS

(i) **Material Litigation Eden Inc. Berhad – Tax Liability of the Company**

On 13 February 2018, the Company received a winding-up petition from the Government of Malaysia ("GoM") for an amount owing to the Inland Revenue Board of Malaysia ("IRB"), of RM3.19 million, comprising income tax debt due to the GoM for years of assessment 2013 and 2014.

On 14 February 2018, the Company's solicitor sent an appeal letter to IRB, proposing a revised repayment plan for the Tax Payable and to seek IRB's consideration to withdraw the Petition against the Company.

On 27 April 2018, the Company paid RM3,086,827 to the IRB as full and final settlement for the above Tax Payable. This amount payable has been affirmed by the letter received from IRB dated 27 April 2018 and Honourable High Court Judge Has withdrawn the Petition on the 8 May 2018.

### **39. SIGNIFICANT EVENTS (cont'd)**

#### **(ii) Striking –off of Dormant Wholly-Owned Companies**

On 10 August 2018, the Board of Directors announce that Eden Industries Sdn. Bhd. ("**EISB**"), a wholly-owned dormant subsidiary of Eden has been struck-off under Section 551 of the Companies Act 2016. Henceforth, EISB shall deem to be dissolved upon publication of the notice pursuant to Section 550 of the Companies Act 2016 in the Gazette.

On 21 December 2018, the Board of Directors announce that Eden Garden Hotel (JB) Sdn. Bhd. and Eden Seafood Village (Selangor) Sdn. Bhd. ("**the Companies**"), both wholly-owned dormant subsidiaries of Eden have been struck-off under Section 551 of the Companies Act 2016. Henceforth, the Companies shall deem to be dissolved upon publication of the notice pursuant to Section 550 of the Companies Act 2016 in the Gazette.

The Companies were dormant and there was no intention to carry on its business activities. The striking-off of the Companies do not have any financial and operational impact on the Company.

### **40. SUBSEQUENT EVENT**

Subsequent to the date of the financial year, the Redeemable Convertible Notes has been converted into 17,499,998 ordinary shares amounted to RM 2,100,000 from 17 January 2019 to 17 April 2019.



# LIST OF PROPERTIES

as at 31 December 2018

No	Company, Title and Particulars	Description	Tenure	Age of Building (year)	Usage	Approximate Land Area	Net Carrying Value as at 31.12.18 (RM)
1	<b>EDEN INC. BERHAD</b>						
a.	Unit LG43A, Plaza Bukit Mertajam, 566, Jalan Arrumugam Pillai, 14000 Bukit Mertajam, Pulau Pinang.	Shop Lot	Freehold with Restriction	21	Rented Out	1,173 sq. ft.	280,000
b.	PM 39, Lot 63 Seksyen 4, Tanjung Mali, Bandar Padang Matsirat, Pulau Langkawi, Kedah.	Shopping Complex & Aquarium	Leasehold (Expiring in 2054)	22	Rented Out	6.1 acres	6,708,600
c.	PN 21989, Lot No. 8906, PN 21368, Lot No. 8907, PN 21372, Lot No. 8911, Gebeng, Mukim Sungai Karang, Kuantan, Pahang.	Industrial Land	Leasehold (Expiring on 28 October 2096)	-	For Investment	450.7451 acres	164,900,000
2	<b>EDEN SEAFOOD VILLAGE (LANGKAWI) SDN. BHD.</b>						
	Part of, PM39 Lot 63, Seksyen 4, Tanjung Mali, Bandar Padang Matsirat, Pulau Langkawi, Kedah.	Shop Lots	Leasehold (Expiring in 2054)	22	Retail & Restaurant	16,835 sq. ft.	27,113,000
3	<b>UNDERWATER WORLD LANGKAWI SDN. BHD.</b>						
	Part of, PM39 Lot 63, Seksyen 4, Tanjung Mali, Bandar Padang Matsirat, Pulau Langkawi, Kedah.	Double Storey Building with Aquarium	Leasehold (Expiring in 2054)	22	Aquarium & Office	34,703 sq. ft.	8,896,977
4	<b>STRATAVEST SDN. BHD.</b>						
	Libaran Power Station CL 075323447, P. No. 14158, Sungai Jipon, Seguntor Industrial Estate District of Sandakan, Sabah	Low Speed Diesel Fired 60 MW Power Plant and Building	Leasehold - 99 years (Expiring on 31 December 2070)	20	Power Plant & Office Premises	16.01 acres	10,000,000
5	<b>MUSTEQ HYDRO SDN. BHD.</b>						
	Sungai Kenerong Hydro Power 2.6km off Jalan Meranto, Kampong Stong, Kelantan	20 MW Hydro Power Plant and Building	Forest Reserve (30 years concession)	18	Power Plant & Office Premises	59,867 sq. ft.	43,295,499

# ANALYSIS OF SHAREHOLDINGS

as at 29 March 2019

## ANALYSIS OF SHAREHOLDINGS AS AT 29 MARCH 2019

Total Issued Share Capital : 390,861,381  
 Class of shares : Ordinary shares  
 Voting rights : One (1) vote per ordinary share

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shareholders	%
1 - 99	136	1.49	3,413	0.00
100 - 1,000	1,914	20.93	1,522,464	0.39
1,001 - 10,000	4,140	45.27	20,967,011	5.36
10,001 - 100,000	2,500	27.33	93,672,183	23.97
100,001 - 19,543,068 (*)	455	4.97	254,696,190	65.16
19,543,069 AND ABOVE (**)	1	0.01	20,000,120	5.12
<b>TOTAL</b>	<b>9,146</b>	<b>100.00</b>	<b>390,861,381</b>	<b>100.00</b>

REMARK : \* Less than 5% of issued holdings  
 : \*\* 5% And above of issued holdings

## SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The Substantial Shareholders' direct, and indirect (deemed) interests in the Company based on the Register of Substantial Shareholders of the Company are as follows: -

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Serata Padu Sdn. Bhd.	43,794,171	11.20	-	-
Zil Enterprise Sdn. Bhd.	34,000,000	8.70	43,794,171 <sup>(1)</sup>	11.20
Serve Vest (M) Sdn. Bhd.	-	-	43,794,171 <sup>(2)</sup>	11.20
Tan Sri Abd Rahim bin Mohamad	-	-	86,687,471 <sup>(3)</sup>	22.18

### Notes:

- (1) Deemed interested by virtue of its direct interest of more than 20% equity interest in Serve Vest (M) Sdn. Bhd. which in turn holds shares in Serata Padu Sdn. Bhd.
- (2) Deemed interested by virtue of its direct interest of more than 20% equity interest in Serata Padu Sdn. Bhd.
- (3) Deemed interested by virtue of:-
- his direct interest of more than 20% equity interest in Zil Enterprise Sdn. Bhd. and his direct interest of more than 20% equity interest in Serve Vest (M) Sdn. Bhd. which in turn holds shares in Serata Padu Sdn. Bhd.; and
  - his daughter, Puan Fara Nadia binti Abd Rahim's shareholdings in EDEN.

## DIRECTORS' SHAREHOLDINGS

The Directors' direct and indirect (deemed) interests in the Company based on the Register of Directors' Shareholdings of the Company maintained pursuant to Section 59 of the Companies Act 2016 are as follows: -

Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Tan Sri Abd Rahim bin Mohamad	-	-	86,687,471 <sup>(1)</sup>	22.18
Puan Sri Fadzilah binti Md Ariff	4,861,900	1.24	8,893,300 <sup>(2)</sup>	2.28
Dato' Mohamed Salleh bin Bajuri	375,000	0.10	-	-
Dato' Anuarudin bin Mohd Noor	20,000	0.01	-	-
Datuk Seri Ahmad bin Hj. Kabit	-	-	-	-
Dato' Abdullah bin A. Rasol	-	-	-	-
Dato' Nik Mohd Fuad bin Wan Abdullah	-	-	-	-

Notes:

<sup>(1)</sup> Deemed interested by virtue of:-

- his direct interest of more than 20% equity interest in Zil Enterprise Sdn. Bhd. and his direct interest of more than 20% equity interest in Serve Vest (M) Sdn. Bhd. which in turn holds shares in Serata Padu Sdn. Bhd.; and
- his daughter, Puan Fara Nadia binti Abd Rahim's shareholdings in EDEN.

<sup>(2)</sup> Deemed interested by virtue of her daughter, Puan Fara Nadia binti Abd Rahim's shareholdings in EDEN.

## THE 30 LARGEST SECURITIES ACCOUNT HOLDERS

No. Shareholders	No. of Shares	%
1. Ambank (M) Berhad Pledged Securities Account for Zil Enterprise Sdn. Bhd.	20,000,120	5.12
2. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Serata Padu Sdn. Bhd.	18,107,471	4.63
3. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Serata Padu Sdn. Bhd.	15,686,700	4.01
4. ABB Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Zil Enterprise Sdn. Bhd.	14,000,000	3.58
5. ABB Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Serata Padu Sdn. Bhd.	10,000,000	2.56
6. Tung Yan Yok	9,990,000	2.56
7. AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account - Ambank (M) Berhad for Fara Nadia binti Abd Rahim	7,893,300	2.02
8. Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tung Yan Yok	7,578,400	1.94
9. Tee Woei Lim	5,715,000	1.46
10. Ting Kam Cheong	4,300,460	1.10
11. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fadzilah binti Md Ariff	3,831,900	0.98
12. Tee Chee Huy	3,056,000	0.78
13. Chai Koon Khaw	2,959,800	0.76
14. CIMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Teng Chai	2,859,200	0.73

## ANALYSIS OF SHAREHOLDINGS

as at 29 March 2019

### THE 30 LARGEST SECURITIES ACCOUNT HOLDERS (cont'd)

No. Shareholders	No. of Shares	%
15. Tay Koo Hui	2,551,000	0.65
16. Long Kuai Hong	2,501,000	0.64
17. Vasudaven a/l V Ponnusamy	2,388,000	0.61
18. Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chooi Chin	2,035,000	0.52
19. CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Yap Kon Hing	2,007,900	0.51
20. Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yee Bun Siong	1,738,600	0.44
21. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chin Lih Lih	1,500,000	0.38
22. RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chin Kiam Hsung	1,425,800	0.36
23. Ng Tiam Hock @ Tan Tiam Kew	1,409,900	0.36
24. Abdul Haniff bin Sulaiman	1,400,000	0.36
25. Lim Keng Chuan	1,400,000	0.36
26. Chan Thian Chai	1,369,000	0.35
27. Tay Boey Eng	1,315,000	0.34
28. Tan Soo Lee	1,275,400	0.33
29. See Hong Cheen @ See Hong Chen	1,130,000	0.29
30. Balakrisnen a/l Subban	1,126,000	0.29
<b>TOTAL:</b>	<b>152,550,951</b>	<b>39.03</b>

# ANALYSIS OF WARRANTHOLDINGS

as at 29 March 2019

## ANALYSIS OF WARRANTHOLDINGS AS AT 29 MARCH 2019

Description	:	Warrants B
Total Outstanding Warrants	:	155,681,114 Warrants
Maturity Date	:	13 August 2021

## ANALYSIS BY SIZE OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 – 99	286	3.70	9,820	0.01
100 – 1,000	2,842	36.76	1,750,225	1.12
1,001 – 10,000	3,324	42.99	14,014,314	9.00
10,001 – 100,000	1,087	14.06	36,494,380	23.44
100,001 – 7,784,054 (*)	189	2.44	66,727,630	42.86
7,784,055 and above (**)	4	0.05	36,684,745	23.56
<b>TOTAL</b>	<b>7,732</b>	<b>100.00</b>	<b>155,681,114</b>	<b>100.00</b>

REMARK : \* Less than 5% of issued holdings

\*\* 5% and above of issued holdings

## LIST OF DIRECTORS' WARRANTHOLDINGS

The Directors' Warrantholdings of the Company are as follows:-

Directors	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
Tan Sri Abd Rahim bin Mohamad	-	-	43,343,795 <sup>(1)</sup>	27.84
Puan Sri Fadzilah binti Md Ariff	2,430,950	1.56	4,446,650 <sup>(2)</sup>	2.86
Dato' Mohamed Salleh bin Bajuri	187,500	0.12	-	-
Dato' Anuarudin bin Mohd Noor	10,000	negligible	-	-
Datuk Seri Ahmad bin Hj. Kabit	-	-	-	-
Dato' Abdullah bin A. Rasol	-	-	-	-
Dato' Nik Mohd Fuad bin Wan Abdullah	-	-	-	-

Notes:

<sup>(1)</sup> Deemed interested by virtue of:-

- his direct interest of more than 20% equity interest in Zil Enterprise Sdn. Bhd. and his direct interest of more than 20% equity interest in Serve Vest (M) Sdn. Bhd. which in turn holds shares in Serata Padu Sdn. Bhd.; and
- his daughter, Puan Fara Nadia binti Abd Rahim's warrantholdings in EDEN.

<sup>(2)</sup> Deemed interested by virtue of her daughter, Puan Fara Nadia binti Abd Rahim's warrantholdings in EDEN.

## THIRTY (30) LARGEST WARRANTHOLDERS

No. Warrantholders	No. of Warrants	%
1. Ambank (M) Berhad Pledged Securities Account for Zil Enterprise Sdn. Bhd.	10,000,060	6.42
2. Chai Koon Khaw	9,787,600	6.29

# ANALYSIS OF WARRANTHOLDINGS

as at 29 March 2019

## THIRTY (30) LARGEST WARRANTHOLDERS (cont'd)

No. Warrantholders	No. of Warrants	%
3. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Serata Padu Sdn. Bhd.	9,053,735	5.82
4. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Serata Padu Sdn. Bhd.	7,843,350	5.04
5. ABB Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Zil Enterprise Sdn. Bhd.	7,000,000	4.50
6. ABB Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Serata Padu Sdn. Bhd.	5,000,000	3.21
7. AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account - Ambank (M) Berhad for Fara Nadia binti Abd Rahim	3,946,650	2.54
8. Ting Kam Cheong	2,000,230	1.28
9. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fadzilah binti Md Ariff	1,915,950	1.23
10. Vasudaven a/l V Ponnusamy	1,594,000	1.02
11. Lim Ah Ooi @ Lim Ah Moi	1,500,000	0.96
12. Soo Yoke Mun	1,440,000	0.92
13. Siow Yee Yong	1,202,500	0.77
14. Goh Hong Hwa	982,600	0.63
15. Ong Chee Kean	800,000	0.51
16. Lim Keng Chuan	785,000	0.50
17. Chong Kwee Siang	650,000	0.42
18. See Hong Cheen @ See Hong Chen	565,000	0.36
19. AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account - Ambank (M) Berhad for Fadzilah binti Md Ariff	515,000	0.33
20. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lau Eng Peng	500,000	0.32
21. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fara Nadia binti Abd Rahim	500,000	0.32
22. Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chia Ai Seng	500,000	0.32
23. Kenanga Nominees (Tempatan) Sdn. Bhd. Goh Boon Siong	482,000	0.31
24. Ang Meng Chuan	450,000	0.29
25. CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Chong Hwa Jau	450,000	0.29
26. Tan Puay Puay	445,000	0.29
27. Chin Chong Hing	443,700	0.29
28. Tay Boey Eng	442,500	0.28
29. Maybank Nominees (Tempatan) Sdn. Bhd. Tan Soon Leong	407,900	0.26
30. Affin Hwang Investment Bank Berhad IVT	400,100	0.26
<b>TOTAL:</b>	<b>71,602,875</b>	<b>45.99</b>





## **APPENDIX I**

# **PROPOSED ADOPTION OF THE NEW CONSTITUTION OF EDEN INC. BERHAD**

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This is the Appendix I referred to in Agenda No. 8 of the Notice of Forty-First Annual General Meeting ("41<sup>st</sup> AGM") of Eden Inc. Berhad dated 30 April 2019.

Date and time of the 41 <sup>st</sup> AGM	:	Wednesday, 19 June 2019 at 10:00 a.m.
Venue of the 41 <sup>st</sup> AGM	:	Banquet Hall, Persatuan Alumni Universiti Malaya (PAUM) Clubhouse, Lot 10476, Jalan Susur Damansara (Jalan Damansara Lama), 50480 Kuala Lumpur, Wilayah Persekutuan

# APPENDIX 1

Company Registration Number: 36216-V

## THE COMPANIES ACT 2016 MALAYSIA

\*\*\*\*\*

### PUBLIC COMPANY LIMITED BY SHARES

\*\*\*\*\*

## CONSTITUTION

## OF

## EDEN INC. BERHAD

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Incorporated on the 24<sup>th</sup> day of November, 1977

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**THE COMPANIES ACT 2016**  
**PUBLIC COMPANY LIMITED BY SHARES**  
**CONSTITUTION OF**  
**EDEN INC. BERHAD**

**GENERAL**

- |    |  |                      |
|----|--|----------------------|
| 1. | The name of the Company is EDEN INC. BERHAD.   | Company Name         |
| 2. | The registered office of the Company shall be situated in Malaysia.  | Registered Office    |
| 3. | Section 21 of the Companies Act 2016 shall apply to the Company and the Company shall be capable of exercising all the functions of a body corporate and have the full capacity to carry on or undertake any business or activity the Directors considered advantageous to the Company and that are not prohibited under any law for the time being in force in Malaysia.  | Power of the Company |
| 4. | <p>The powers of the Company in addition to those conferred under Section 21 of the Companies Act 2016 shall include:</p> <p>(i) To carry on the business of an investment holding and provision of management services company and for that purpose to acquire and hold either in the name of the Company or in that of any nominee shares, stocks, debenture, debenture stock, bonds, notes, obligations warrants, options and securities issued or guaranteed by any government, public body or authority in any part of the world.</p> <p>(ii) To carry on any of the business of power generation and services in connection thereto, generation and scale of electrical energy and generating capacity, operation and maintenance, a district cooling system and an electricity distribution system and project management.</p> <p>(iii) To carry on any other business which may seem to the Company capable of being conveniently carried on in connection and which is synergistic with and ancillary to the main business of the Company or which is calculated directly or indirectly to enhance the value of or profitable or more profitable any of the Company's property or rights.</p> |                      |

And it is hereby declared that the word "company" in this clause except where used in reference to this Company shall, wherever the context so permits, be deemed to include any partnership or other body of persons whether incorporated or not and whether domiciled in Malaysia or elsewhere.

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|----|--|--|
| 5. | The Company is a public company limited by shares where the liability of its Members is limited to any amount unpaid, if any, on a share held by the Member. | Type of company and Member's liability |
|----|--|--|

**DEFINITIONS AND INTERPRETATION**

- |    |  |                                 |
|----|--|---------------------------------|
| 6. | (1) In this Constitution, the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof, if not inconsistent with the subject or context:- | Definitions and interpretations |
|----|--|---------------------------------|

Words	Meanings
Act	The Companies Act 2016, and any statutory modification, amendment or re-enactment thereof and any other legislation for the time being in force made thereunder and any written law for the time being in force concerning companies and affecting the Company.

## APPENDIX 1

Company Registration Number: 36216-V

Applicable Laws	All laws, bye-laws, regulations, rules, orders and/or official directions for the time being in force affecting the Company and its subsidiaries, including but not limited to the Act, the Central Depositories Act, the Listing Requirements, Rules of the Depository and every other law for the time being in force concerning companies and affecting the Company and any other directives or requirements imposed on the Company by the relevant regulatory bodies and/or authorities.
Auditors	The Auditors for the time being of the Company.
Board	The Board of Directors for the time being of the Company.
Central Depositories Act	Securities Industry (Central Depositories) Act, 1991 and every statutory modification, amendment or re-enactment thereof for the time being in force.
Company	Eden Inc. Berhad (Company Registration Number: 36216-V) or such other name as may be adopted from time to time.
Constitution	This Constitution as originally framed or from time to time altered by a Special Resolution and "Clause" means any provision in this Constitution.
Deposited Security	A Security in the Company standing to the credit of a Securities Account and includes Securities in a Securities Account that is in suspense; as contained in the Central Depositories Act and/or the Rules.
Depositor	A Holder of a Securities Account.
Depository	Bursa Malaysia Depository Sdn. Bhd. (Company No.: 165570-W) and its successors in title and permitted assigns.
Director	A person who has been appointed and for the time being holds office as a director of the Company in accordance with the provisions of the Act and this Constitution, and unless the context otherwise provides or requires, includes an Alternate Director.
Electronic Address	Any electronic mail address or mobile or contact number used for the purposes of sending or receiving documents or information by electronic means.
Electronic Communication	A document or information is sent or supplied by electronic communication if it is sent initially, and received at its destination by means of electronic equipment for the processing (which expression includes digital compression) or storage of data, and entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means. This includes the transmission of any notice, document or information via electronic mail or short messaging service or multimedia or social media program or application or such other mode, program or platform capable of performing a similar function.
Electronic Form	Document or information sent by Electronic Communication or by any other means whereby a recipient of such document or information would be able to retain a copy.
Exchange	Bursa Malaysia Securities Berhad (Company No. 635998-W) and its successors-in-title.

Exempt Authorised Nominee	An authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.
Holder	In relation to the Securities in the Company, any person/persons whose names appear on the Register of Members and any Depositor whose names appear on the Record of Depositors but shall exclude the Depository or its nominee company in whose name the Deposited Security is registered. "Holding of shares in the Company" and "shareholder of the Company" and any other similar expressions shall have the corresponding meanings.
Listed	Admitted to the official list of the Exchange, and "listing" shall be construed accordingly.
Listing Requirements	The Main Market Listing Requirements of the Exchange including any modification or amendment thereto that may be made from time to time.
Major Shareholder	A major shareholder as defined under the Listing Requirements.
Market Day	A day on which the stock market of the Exchange is open for trading in Securities.
Member	Any person/persons for the time being holding one or more shares in the Company and whose name appears in the Record of Depositors, including a Depositor who will be treated as if he were a member pursuant to Section 35 of the Central Depositories Act but excluding the Depository in a capacity as a bare trustee and its nominee company.
Month	A calendar month.
Office	The registered office for the time being of the Company.
Ordinary Resolution	Has the meaning assigned thereto in the Act.
Record of Depositors	A record provided by the Depository to the Company pursuant to an application under the Rules.
Register of Members	The Register of Members to be kept pursuant to the Act, and unless otherwise expressed to the contrary, includes the Record of Depositors.
Registrar of Companies	The Registrar of Companies designated under Section 20A(1) of the Companies Commission of Malaysia Act 2001.
Rules	The Rules of the Depository, including any amendment that may be made from time to time.
Seal	The Common Seal of the Company.
Secretary	Any person or persons appointed to perform the duties of the secretary of the Company and shall include a joint, temporary, assistant or deputy secretary.
Securities	Securities as defined in Section 2 of the Capital Markets and Services Act 2007 or any modification, amendment or re-enactment thereof for the time being in force and "Security" shall be construed accordingly.

## APPENDIX 1

Company Registration Number: 36216-V

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|--------------------|--|
| Securities Account | An account established by the Depository for a Depositor for the recording of deposit or withdrawal of Securities and for dealing in such Securities by the Depositor. |
| Special Resolution | Has the meaning assigned thereto in the Act.   |
| Subsidiary         | Has the meaning assigned thereto in the Act.   |
- (2) The headings are inserted for convenience only and shall not affect the construction of this Constitution. Expressions defined in the Act and used in the Constitution shall bear the meanings so defined.
- (3) Expressions referring to “writing” shall include, unless the contrary intention appears, references to printing, lithography, photography and any other modes of representing or reproducing words, letters, figures or marks in a visible form or in any other form or manner, whether in hard copy or in Electronic Form sent by way of an Electronic Communication or otherwise in a form that allows the document and/or information to be easily accessible and reproduced into written, electronic or visible form.
- (4) Unless these be something in the subject or context inconsistent therewith:
- (a) words, denoting the singular number only shall include the plural number and vice versa and words importing the masculine gender only shall include the feminine and neuter genders and the word “person” shall include a body of persons, corporate or unincorporated (including a trust);
  - (b) any reference to a statutory provision includes modification, consolidation or re-enactment thereof for the time being in force, and all statutory instruments or orders made pursuant thereto; and
  - (c) any reference to any corporation includes its successors in title.
- (5) Subject as aforesaid, any words or expressions defined in the Constitution shall be interpreted in accordance with the provisions of the Interpretation Act 1967 and of the Act as amended from time to time and any re-enactment thereof for the time being in force made thereunder as in force at the date at which the Constitution become binding on the Company.

The marginal notes are inserted for convenience only and shall not affect the interpretation and construction of the provision in the Constitution.

### VARIATION OF RIGHTS

7. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may (subject to Sections 88 and 90 of the Act and whether or not the Company is being wound up) be varied or abrogated with:
- Variation of class rights
- (a) the consent in writing of the Holders of not less than seventy-five per centum (75%) of the total voting rights of the Members in that class; or
  - (b) the sanction of a Special Resolution passed at a separate general meeting of the Holders of the shares of that class.

To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the number of the issued shares of the class and any Holder of shares of the class present in person or by proxy may demand a poll.

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|----|--|--------------------------|
| 8. | All new issues of Securities for which listing is sought shall be by way of crediting the Securities Accounts of the allottees or entitled persons held with the Depository with such Securities with the Depository, save and except where the Company is specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event it shall similarly be exempted from compliance with this Clause. For this purpose, the Company must notify the Depository of the names of the allottees or entitled persons together with all such particulars required by the Depository, to enable the Depository to make the appropriate entries in the Securities Accounts of such allottees or entitled persons. | New issues of Securities |
| 9. | The rights conferred upon the Holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further share ranking as regards participations in the profits or assets of the Company in some or in all respects <i>pari passu</i> therewith.  | Ranking of class rights  |

## SHARE CAPITAL

- |     |  |                              |
|-----|--|------------------------------|
| 10. | The share capital of the Company is its issued share capital. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.  | Share capital of the Company |
| 11. | Subject to the Act and this Constitution, any unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Directors who may offer, issue, allot (with or without conferring a right of renunciation), grant options over, grant any right or rights to subscribe for such shares or any right or rights to convert any Security into such shares, or otherwise deal with or dispose of them to such persons at such times and on such terms and conditions as they may determine.   | Issue of shares              |
| 12. | Clause 11 shall be subject to the proviso that the Company shall not offer, issue, allot, grant options over shares, grant any right or rights to subscribe for shares or any right or rights to convert any Security into shares or otherwise deal with or dispose of shares which will or may have the effect of transferring a controlling interest of the Company without the prior approval of the Members in general meeting.  | Restrictions on issue        |
| 13. | Subject to the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by Ordinary Resolution determine or as the Directors (subject to them being duly authorised to do so by an Ordinary Resolution of the Company) may determine.  | Rights attached to shares    |
| 14. | Subject to any direction to the contrary that may be given by the Company in general meeting and subject always to this Constitution and the Act, all new shares or other Securities shall, before issue, be offered to Members who at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiry of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution. | Pre-emption                  |



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15. Notwithstanding Clause 14 above (but subject to the Act), the Company may (if required) apply to the Exchange for a waiver from convening an extraordinary general meeting to obtain shareholders' approval for further issue or issues of shares (other than bonus or rights issues) where:
- Waiver for issues
- (a) the aggregate issues of shares (other than bonus and rights issues and other issues of shares which have been specifically approved by the shareholders in an extraordinary general meeting) in any one financial year in which such further issue or issues are made do not exceed ten per centum (10%) (or such higher percentage as the Exchange may from time to time allow either in respect of a particular financial year, generally or otherwise) of the Company's total number of issued share; and
  - (b) there is in force at the time of the application for such waiver, a resolution of the Company in general meeting authorising the Directors to make such further issue or issues as stated above.
16. Without prejudice to any special rights previously conferred on the Holders of any existing shares or class of shares and subject to the provisions of this Constitution and the Applicable Laws and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions, whether with regard to dividend, voting, return of capital or otherwise, and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:
- Power to issue and allot shares
- (a) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the Members of the Company in general meeting;
  - (b) in the case of shares of any class, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same; and
  - (c) except in the case of an issue of shares on a pro-rata basis to all Members, every issue of shares or options to employees, Directors, Major Shareholders or persons connected with any Director or Major Shareholder of the Company shall be approved by the Members in general meeting and no Directors and Major Shareholders shall participate in such issue of shares or options unless:
    - (i) the Members in general meeting have approved of the specific allotment to be made to such Directors, Major Shareholder or persons connected with such Director or Major Shareholder; and
    - (ii) in the case of a Director, such Director holds office in the Company in an executive capacity PROVIDED ALWAYS that a Director not holding office in an executive capacity may so participate in an issue of shares pursuant to a public issue or public offer special issue, such participation to be approved by the relevant authorities.
17. The Company may exercise the powers of paying commission conferred by the Act, provided that the rate per centum or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act, and the rate of the commission shall not exceed the rate of ten per centum (10%) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to ten per centum (10%) of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.
- Commission on subscription of shares

- |     |  |   |
|-----|--|---|
| 18. | Except as authorised or required by law or this Constitution, no person shall be recognised by the Company as holding any Security on any trust, and the Company shall not be bound by or recognise (even when having notice of it) any equitable, contingent, future or partial interest in any Security or any interest in any fractional part of a Security or (except only as provided by law) any other rights in respect of any Security except an absolute right to the entirety of the Security in the registered Holder.                                  | No recognition of trust   |
| 19. | The Directors may at any time after the allotment of any Security but before any person has been entered in the Register of Members as the Holder recognise a renunciation of such Security by the allottee in favour of some other person and may accord to any allottee of a Security a right to effect such renunciation on such terms and conditions as the Directors may determine.   | Renunciation  |
| 20. | Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest or returns on the amount of such share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in Section 130 of the Act and may charge the same to capital as part of the cost of construction of the works or buildings or the provision of the plant. | Power to charge interest on shares issued for purpose of raising money for construction of works, building or plant |
| 21. | Subject to the Central Depositories Act and the Rules, where two (2) or more persons are registered as the Holders of any Security, they shall be deemed to hold the same as joint Holders with benefit or survivorship subject to the following provisions:   | Joint Holders of Securities   |
|     | (a) The Company shall not be bound to register more than three (3) persons as the Holders of any Security except in the case of legal personal representatives of a deceased Member.   |   |
|     | (b) The joint Holders of a Security shall be liable severally as well as jointly in respect of all calls and other payments which ought to be made in respect of such Security.  |   |
|     | (c) On the death of any one of such joint Holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such Security but the Directors may require such evidence of death as they may deem fit.  |   |
|     | (d) Any one of such joint Holders may give effectual receipts for any dividend and payment on account of dividend, bonus, return of capital and other money payable in respect of such Security.   |   |

## PREFERENCE SHARES

- |     |   |  |
|-----|---|--|
| 22. | Subject to the Act and this Constitution, any preference shares may with the sanction of an Ordinary Resolution of shareholders in general meeting, be issued on terms that they are redeemable and/or convertible, or at the option of the Company liable to be redeemed and/or converted into ordinary shares on such terms and in such manner as may be provided for by this Constitution from time to time. | Redeemable/<br>convertible preference shares             |
| 23. | If the Company at any time issues preference capital, it shall indicate at the same time whether it reserves the right to issue further preference capital ranking equally with or in priority to preference shares already issued.   | Reservation of right to issue further preference capital |
| 24. | (1) Preference shareholders shall have the right to attend and vote at any meeting convened for the purpose of sanctioning:   | Rights of preference shareholders                        |
|     | (a) a resolution or proposal in respect of dividend or part of the dividend on the preference shares which are in arrears for more than six (6) months;   |  |
|     | (b) a proposal to reduce the capital of the Company;  |  |

## APPENDIX 1

Company Registration Number: 36216-V

- (c) a proposal for the disposal of the whole of the Company's property, business and undertaking;
  - (d) a proposal or resolution which affects the rights and privileges attached to the preference share;
  - (e) a proposal to wind up the Company; and
  - (f) during the winding-up of the Company.
- (2) Preference shareholders shall be entitled to a return of capital in preference to Holders of ordinary shares in the event that the Company is wound up.
- (3) Preference shareholders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited accounts and attending meetings of the Company.

25. Notwithstanding Clause 24 hereof, the repayment of preference share capital other than redeemable preference shares, or any alteration of preference shareholder's rights shall only be made pursuant to a Special Resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing obtained from the Holders of three-fourths (3/4) of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a Special Resolution carried at the meeting.
- Repayment of preference capital

### CERTIFICATES/NOTICE OF ALLOTMENT

26. Subject to the Act, the Central Depositories Act, the Listing Requirements and the Rules, the Company shall allot/issue Securities, despatch notices of allotment to successful allottees and make an application for the quotation of such Securities in accordance with the period prescribed or allowed by the Exchange.
- Allotment and despatch of notices of allotment
27. The Company shall issue and deliver to the Depository the appropriate jumbo certificates in such denomination as may be specified by the Depository registered in the name of the Depository or its nominee company.
- Jumbo certificates
28. Every certificate shall be issued under the Seal and bear the signatures or the autographic signatures reproduced by facsimile or other mechanical means shall be issued in accordance with Clause 175, and shall specify the number and class of Securities to which it relates, and the amount paid up thereon.
- Issuance of share certificates
29. Subject to the provisions of the Act, the Central Depositories Act, the Listing Requirements and the Rules, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on evidence being produced and a letter of indemnity (if required) being given, as the Directors of the Company shall require, and, in the case of defacement or wearing out, on delivery of the old certificate.
- Replacement of share certificates

### LIEN ON SHARES

30. The Company shall have a first and paramount lien on every share (not being a fully paid share) and the distributions, including dividends, from time to time declared in respect of such shares provided always that such lien shall be restricted only to the following:
- Company's lien on shares and distributions
- (a) unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid; and

- (b) such amounts as the Company may be called upon by law to pay, and has paid, in respect of shares of a Member or deceased Member.

The lien in each of the above cases shall also extend to reasonable interest and expenses incurred because of the unpaid amount.

- |     |  |  |
|-----|--|--|
| 31. | The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen (14) days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered Holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.  | Lien may be enforced by sale of shares |
| 32. | To give effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the Holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale and the remedy of the former Holder of such share or any person claiming under or through him in respect of any alleged irregularity or invalidity shall be against the Company. | Directors may effect transfer          |
| 33. | The proceeds of the sale after payment of the amount of interest and costs relating to the sale and of any attempted sale, shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a similar lien for sums not presently payable but existing upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale or his executors, administrators or assignees or as he directs.  | Application of proceeds of sale        |

## **CALLS ON SHARES**

- |     |   |                          |
|-----|---|--------------------------|
| 34. | The Directors may from time to time make calls upon the Members in respect of any monies unpaid on their shares, and not by the conditions of allotment thereof made payable at fixed times. Except in the case of calls payable at fixed times pursuant to the conditions of allotment, each Member shall (subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified, the amount called on his shares. A call may be revoked or postponed as the Directors may determine. | Directors may make calls |
| 35. | A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable in one lump sum or by instalments and the time or times and place(s) appointed by the Directors. No shareholder shall be entitled to receive any dividend or to exercise any privilege as a Member, until he shall have paid all calls for the time being due and payable on every share held by him, together with interest and expenses (if any).   | Effective date of call   |
| 36. | If a sum called in respect of shares is not paid before or on the day appointed for payment thereof, the person from whom the sum is due, shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding eight per centum (8%) per annum or such other rate as the Directors may determine, but the Directors shall be at liberty to waive payment of the interest, wholly or in part.   | Interest on unpaid calls |
| 37. | Any sum which by the terms of issue of a share is made payable on allotment or at any fixed date, shall for the purposes of this Constitution, be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise, shall apply as if the sum had become payable by virtue of a call duly made and notified.   | When calls deemed made   |
| 38. | (1) The Directors may, on the issue of shares, differentiate between the Holders as to the amount of calls or instalments to be paid and the times of payment of such calls.  | Difference in calls      |

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- (2) If, by the condition of allotment of any share, the whole or part of the amount or issue price thereof shall be payable on fixed dates every such amount shall, when due, be paid to the Company by the person who for the time being and from time to time shall be the Holder of the share.

39. The Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him, and upon all or any part of the monies so advanced may (until the same would, but for the advance, become payable) pay interest at such rate (unless the Company in general meeting shall otherwise direct) as may be agreed upon between the Directors and the Member paying the sum in advance. Such capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits. Except in liquidation, sum paid in advance of calls shall not, until the same would but for such advance have become payable, be treated as paid up on the shares in respect of which they have been paid.
- Calls may be paid in advance

### INFORMATION ON SHAREHOLDING

40. (1) The Company may by notice in writing, require any Member of the Company, within such reasonable time as is specified in the notice:
- Company may require information
- (a) to inform the Company whether he holds any voting shares in the Company as beneficial owner or as trustee or nominee; and
- (b) if he holds that voting shares as trustee or nominee, to indicate so far as he can, the persons for whom he holds that interest by name and by other particulars sufficient to enable those persons to be identified and the nature of their interest.
- (2) Where the Company is informed in pursuance of a notice given to any person under Clause 40(1) hereof or under this Clause, that any other person has an interest in any of the voting shares in the Company, the Company may by notice in writing require that other person within such reasonable time as is specified in the notice:
- (a) to inform the Company whether he holds that voting shares as beneficial owner or as trustee or nominee; and
- (b) if he holds that voting shares as trustee or nominee, to indicate so far as he can, the person for whom he holds that interest by name and by other particulars sufficient to enable those persons to be identified and the nature of their interest.
- (3) The Company may by notice in writing require a Member to inform the Company, within such reasonable time as is specified in the notice, whether any of the voting rights carried by any voting shares in the Company held by him, are the subject of any agreement or arrangement under which another person is entitled to control his exercise of those rights and, if so, to give particulars of the agreement or arrangement and the parties to such agreement or arrangement.
- Member to inform Company

### TRANSFERS OF SECURITIES

41. Subject to this Constitution, the Rules and except as may be required by the Applicable Laws, there shall be no restriction on the transfer of fully paid up Listed Securities in the Company.
- No restriction on transfer of fully paid up Listed Securities

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| 48. | Subject to the Central Depositories Act and the Rules, neither the Company or the Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of Securities apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to, the Company or the Directors or other officers be legally inoperative or insufficient to pass the property in the Securities proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that, the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee of the particulars of the Securities transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his legal personal representatives and assignees alone shall be entitled to be recognised as the Holder of such Securities and the previous Holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto. | Limitation of liability |
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### DISPOSAL OF SECURITIES OF MEMBERS WHOSE WHEREABOUTS ARE UNKNOWN

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| 49. | Where by the exercise of reasonable diligence the Company is unable to discover the whereabouts of a Member for a period of not less than ten (10) years the Company may cause an advertisement circulating in the place shown in the Register of Members or the Record of Depositors as the address of the Member stating that the Company after expiration of thirty (30) days from the date of the advertisement intends to transfer the shares to the Minister charged with responsibility for finance. | Reasonable diligence   |
| 50. | If after the expiration of thirty (30) days from the date of the advertisement the whereabouts of the Member remains unknown, the Company may transfer the shares held by the Member to the Minister charged with responsibility for finance and for that purpose may execute for and on behalf of such Member a transfer of those shares to the Minister charged with responsibility for finance.  | Transfer of shares to Minister charged with responsibility for finance |

### TRANSMISSION OF SECURITIES

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| 51 | In the case of the death of a Member, the survivor(s) where the deceased was a joint Holder, and the legal representative(s) of the deceased Member, shall be the only person(s) recognised by the Company as having any title to his interest in the Securities or debentures but nothing herein contained shall release the estate of a deceased Member from any liability in respect of any Security which had been held by the deceased Member.  | Death of Member  |
| 52 | <p>A person to whom the right to shares or debentures are transmitted by operation of law may, upon such evidence of title being produced as may from time to time be required by the Directors (but subject to the provisions of this Constitution, the Central Depositories Act and the Rules) elect either:</p> <p>(a) to be registered himself as a Member or debenture Holder in respect of the shares or debentures by written notice to the Company stating that he so elects provided that where the shares or debentures are Deposited Securities, the aforesaid notice must also be served on the Depository; or</p> <p>(b) to have another person registered as a Member or debenture Holder in respect of the shares or debentures and testify such election by executing to that person a transfer of those shares or debentures, as the case may be, or such other instrument as the Depository may require.</p> | Registration of person becoming entitled by operation of law |

All limitations, restrictions and provisions of this Constitution in relation to the right to transfer and the registration of transfers of shares and debentures shall apply to any notice or transfer of shares or debentures as if the death or bankruptcy of the Member or debenture Holder had not occurred and the notice or transfer were signed by that Member or debenture Holder.



53. A person entitled to shares and/or debentures in consequence of the death or bankruptcy of a Member shall be entitled upon the production of such evidence as may from time to time be properly required by the Directors and the Depository in that behalf and subject to the Central Depositories Act and the Rules, to receive and may give a discharge for all dividends and other moneys payable in respect of the shares and/or debentures, but he shall not be entitled to receive notice of or to attend or vote at any meeting, or, save as aforesaid, to exercise any of the rights and privileges of a Member or debenture Holder, unless and until he shall have become a Member or debenture Holder in respect of the shares and debentures. Where two (2) or more persons are jointly entitled to any share and/or debenture in consequence of the death of the Holder of the share they shall, for the purposes of these Clauses, be deemed to be the joint Holders of the share and/or debenture. Rights on death or bankruptcy
54. Where: Transmission of Securities between registers
- (a) the Securities of the Company are listed on another stock exchange; and
- (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Central Depositories Act, as the case may be, under the Rules in respect of such Securities,
- the Company shall, upon request of a Securities Holder, permit a transmission of Securities held by such Securities Holder from the register of Holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of Holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.

## FORFEITURE OF SHARES

55. If any Member fails to pay the whole or any part of any call or instalment of call on or before the day appointed for the payment thereof, the Directors may at any time thereafter, during such time as the call or instalment or any part thereof remains unpaid, serve a notice on him or on the person entitled to the share by transmission requiring him to pay such call or instalments, or such part thereof as remains unpaid, together with interest at such rate not exceeding eight per centum (8%) per annum from the date of forfeiture, as the Directors shall determine, and any expenses that may have accrued by reason of such non-payment. Notice requiring payment
56. The notice shall name a further day (not earlier than the expiration of fourteen (14) days from the date of service of the notice) on or before which such call or instalment or such part as aforesaid, and all interest and expenses that have accrued by reason of such non-payment, are to be paid. It shall also name the place where payment is to be made and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made will be liable to be forfeited. Particulars in notice
57. Upon failure to comply with the notice served under Clause 55 above, the shares in respect of which such notice has been given shall be forfeited by a resolution of the Directors to that effect unless the payment as required by such notice has been made before such resolution is passed. Such forfeiture shall include all distributions in respect of the shares not actually paid before the forfeiture, notwithstanding that they shall have been declared. The Directors may accept the surrender of any share liable to be forfeited hereunder. Forfeiture for non-payment
58. A share so forfeited or surrendered shall become the property of the Company and may be re-sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the Holder thereof or entitled thereto, or to any other person upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit and whether with or without all or any part of the amount previously paid on the share being cancelled as paid. Forfeited shares become property of the Company

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| 59. | A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares. Notwithstanding such forfeiture, such person shall remain liable to pay to the Company all monies which at the date of forfeiture was payable by him to the Company in respect of the shares together with interest or compensation at the rate of eight per centum (8%) per annum or such other rate as may be allowed under the Applicable Laws and determined by the Directors to be calculated from the date of the forfeiture on the money for the time being unpaid if the Directors think fit to enforce payment of the interest or compensation, and his liability shall cease if and when the Company receives payment in full of all such money in respect of the shares.   | Liability of Member in respect of forfeited shares                        |
| 60. | The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the Member whose share is forfeited and the Company, except only such of those rights and liabilities as are by this Constitution expressly saved or as are by the Act, the Central Depositories Act and the Rules, given or imposed in the case of past Members.  | Results of forfeiture   |
| 61. | A statutory declaration in writing by a Director or Secretary that a share in the Company has been duly forfeited in pursuance of this Constitution on a date stated in the declaration shall be conclusive evidence of the facts stated in the declaration against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for a forfeited share on any sale, re-allotment or disposition of the share and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and such person shall be registered as the shareholder and not have his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share. | Statutory declaration as conclusive evidence and sale of shares forfeited |
| 62. | The provisions of this Constitution as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable to the Company at a fixed time, as if the sum had been payable by virtue of a call duly made and notified.   | Application of forfeiture provisions                                      |
| 63. | When any share has been forfeited in accordance with these Clauses, notice of the forfeiture shall forthwith be given to the Holder of the share or to the person entitled to the share by reason of the death or bankruptcy as the case may be, and an entry of such notice having been given, and of the forfeiture with the date thereof shall forthwith be made in the Register of Members opposite to the share but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry aforesaid.  | Notice of forfeiture  |
| 64. | In the event of any forfeited share on which the Company has a lien being sold or disposed of, the net proceeds of such sale or disposal after providing for the expenses of such sale or disposal and for the payment of any moneys owing to the Company in respect of which the lien exists shall be paid to the person (or persons for joint Holders) whose share has been forfeited or his executors, administrators or assignees as the case may be or as he or she shall direct.   | Proceeds of sale of forfeited shares                                      |

### CONVERSION OF SHARES INTO STOCK

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| 65. | The Company may by Ordinary Resolution passed at a general meeting convert any fully paid shares into stock or reconvert any stock into paid shares of any denomination.  | Conversion by Ordinary Resolution |
| 66. | The stockholders may transfer the stocks or any part of the stocks in the same manner as the transfer of shares from which the stock arose may, before the conversion, have been transferred or be transferred in the closest manner as the circumstances allow. The Directors may fix the minimum amount of stock transferable and may restrict or forbid the transfer of fractions of that minimum.   | Transfer of stock                 |
| 67. | The stockholders shall, according to the amount of the stock held by the stockholders, have the same rights, privileges and advantages with regards distributions, including dividends, voting at meetings of the Company and other matters as if the stockholders held the shares from which the stock arose but so that none of such privileges or advantages except participation in the distributions and profits of the Company and in the assets on winding up shall be conferred by any such part of stock which would not, if existing in shares, have conferred such privileges or advantages. | Rights of stock Holders           |

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| 68. | Any reference in the Act and this Constitution applicable to paid-up shares shall apply to stock, and the words "share" and "Member" shall include "stock" and "stockholder" respectively. | Application of this Constitution to stock |
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## **INCREASE OF CAPITAL**

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| 69. | The Company may from time to time by Ordinary Resolution whether all the shares for the time being issued have been fully called up or not, increase its capital by the creation and issue of new shares, with such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company in such general meeting directs and such new shares or any of them may have such preference or priority over the then existing shares of the Company and that such rights and privileges be different from those of such existing shares as the Directors may think fit. | Power to increase capital                                |
| 70. | Except so far as otherwise provided by the conditions of issue, or by the provisions of this Constitution, any share capital raised by the issue of new shares shall be considered as part of the original share capital, and shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien, voting and otherwise as if it has been part of the original share capital.   | New shares subject to same provisions as original shares |

## **ALTERATION OF CAPITAL**

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| 71. | Subject to the provisions of the Act and the Listing Requirements, the Company may by Ordinary Resolution:   | Power to alter capital     |
|     | (a) consolidate and divide all or any of its share capital, such that the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;  |                            |
|     | (b) convert all or any of its paid-up shares into stock and reconvert that stock into fully-paid shares;   |                            |
|     | (c) subdivide its shares or any of its shares, such that whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived. Any resolution whereby any share is subdivided may determine that, as between the Holders of shares resulting from such subdivision, one (1) or more of such shares may have such preferred or other special rights over, or may be given any preference or advantage as regards distributions, including dividends, return of capital voting or otherwise over the other or others of such shares; |                            |
|     | (d) increase its share capital by such sum to be divided into shares of such amount as the resolution may prescribe; or  |                            |
|     | (e) subject to the provisions of this Constitution and the Act, convert and/or reclassify any class of shares into another class of shares.  |                            |
| 72. | The Company may by Special Resolution reduce its share capital in any manner authorised by the Act.  | Reduction of share capital |

## **PURCHASE OF OWN SHARES**

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| 73. | Subject to the provisions of the Act and/or any other Applicable Laws and any rules, regulations and guidelines thereunder issued by the Exchange and any other relevant authority, the Company, may, with the sanction of an Ordinary Resolution of the Members in general meeting, purchase its own shares. Any shares in the Company so purchased by the Company shall be dealt with in accordance with the Act and/or any other Applicable Laws or requirements of any other relevant authority. The provisions of Clauses 71 and 72 hereof shall not affect the power of the Company to cancel any shares or reduce its share capital pursuant to any exercise of the Company's powers under this Clause. | Company may purchase its own shares |
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### GENERAL MEETING

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| 74.   | An annual general meeting of the Company shall be held in accordance with the provisions of the Act within six (6) months of the Company's financial year end and not more than fifteen (15) months after the holding of the last preceding annual general meeting, but so long as the Company holds its first annual general meeting within eighteen (18) months of its incorporation, it need not hold it in the year of its incorporation or in the following year. All general meetings other than the annual general meeting shall be called extraordinary general meetings or meeting of Members. All general meetings shall be held at such time and place as the Directors shall determine. | General meetings                                  |
| 75.   | An extraordinary general meeting may be convened by the Directors whenever they think fit. In addition, an extraordinary general meeting may be convened on such requisition as provided by Sections 310 and 311 of the Act. The Directors shall call for the meeting in accordance with Section 312 of the Act.  | Power to convene an extraordinary general meeting |
| 76.   | If the Directors do not convene the meeting in accordance with Clause 75, the Members who requisitioned the meeting, may call for the meeting in the manner provided in Section 313 of the Act. Any meeting convened by requisitionist shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.  | Requisitionists may convene general meeting       |
| 77.   | The Company may hold a meeting of Members at more than one (1) venue using any technology or method that enables the Members to participate and to exercise the Members' rights to speak and vote at the meeting. The main venue of the meeting shall be in Malaysia and the chairman shall be present at the main venue of the meeting.  | Venues and technology for meetings of members     |
| 78.   | Subject to the provisions of the Act, every notice convening meetings shall be given to all Members at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any Special Resolution is to be proposed or where it is an annual general meeting and shall be given in the manner hereinafter mentioned to such persons as are under the provisions of this Constitution entitled to receive notice of general meetings from the Company.   | Notice of general meeting                         |
| At the same time as Members are notified, every such meeting shall be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed. |   |   |
| 79.   | Every notice convening a meeting shall include the following:-  | Content of notice of meetings                     |
| (a)   | the place, the day, the date and the time of meeting and the general nature of business of the meeting;   |   |
| (b)   | if the meeting is an annual general meeting, a statement specifying the meeting as such;  |   |
| (c)   | if the meeting is convened to consider a Special or Ordinary Resolution, it shall specify the intention to propose the resolution as a Special or Ordinary Resolution, as the case may be.  |   |
| (d)   | if the meeting is convened to pass a Special Resolution, is shall specify the intention to propose the resolution as a Special Resolution accompanied by an explanatory statement regarding the effect of any proposed resolution in respect of such business;  |   |
| (e)   | a statement with reasonable prominence that a Member entitled to attend and vote is entitled to appoint proxy(ies) to attend, participate, speak and vote instead of him;   |   |
| (f)   | a statement with reasonable prominence that a Member who appoints more than one proxy in relation to a meeting must specify the proportion of the Member's shareholding to be represented by each proxy; and  |   |

- (g) Any notice of a general meeting called to consider special business must be accompanied by an explanatory note which contains the necessary information to enable a Member to make an informed decision.

The notice of meeting of Members may include text of any proposed resolution and other information as the Directors deem fit.

Record of Depositors

80. (1) The Company shall request the Depository in accordance with the Rules, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company.
- (2) The Company shall also request the Depository in accordance with the Rules, to issue a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than three (3) market days before the general meeting ("General Meeting Record of Depositors"). The General Meeting Record of Depositors shall be the final record of all Depositors who shall be deemed to be the registered Holders of ordinary shares of the Company eligible to be present and vote at such meetings.
- (3) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable) and notwithstanding any provision in the Act, a Depositor shall not be regarded as a Member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

81. Subject always to the provisions of the Act, no business shall be transacted at a general meeting except business of which notice has been given in the notice convening the meeting. An annual general meeting shall be held to transact the business in accordance with the Act, which includes the laying of audited financial statements and the reports of the Directors and Auditors, the election of Directors in place of those retiring, fixing of the Directors' fees and benefits payable, the declaration of dividend, and the appointment and fixing of the remuneration of the Auditors in accordance with the Act.

Business at meetings

82. A meeting shall, notwithstanding that it is called by notice shorter than is required in Section 316(2) of the Act, be deemed to be duly called if it is so agreed, in the case of a meeting called as the annual general meeting, by all the Members entitled to attend and vote at the meeting, or in the case of an extraordinary general meeting, by a majority who together hold not less than the requisite percentage of ninety-five per centum (95%) in the number of the shares giving a right to attend and vote at the meeting, excluding any shares in the Company held as treasury shares

Call of meetings by shorter notice

83. Where by any provisions of the Act, special notice is required of a resolution, the resolution shall not be effective unless notice of intention to move it has been given to the Company at least twenty-eight (28) days before the meeting at which it is moved and the Company shall, where practicable, give its Members notice of any such proposed resolution at the same time and in the same manner as it gives notice of the meeting or, if that is not practicable shall give them notice thereof, at least fourteen (14) days before the meeting, by advertising it in one (1) widely circulated newspaper in Malaysia in the national language and one (1) widely circulated newspaper in Malaysia in the English language, but if after notice of the intention to move such a resolution has been given to the Company, a meeting is called on a date twenty-eight (28) days or less after the notice has been given, the notice although not given within the time required by this Clause shall be deemed to be properly given.

Resolution requiring special notice

84. Notice of a general meeting must be given to every Member, Director and Auditors of the Company. For the purposes of this Clause, the reference to a 'Member' includes any person who is entitled to a share in consequence of the death or bankruptcy of a Member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting and the Company has been notified of the person's entitlement in writing.

Person entitled to receive notice

85. In the case of joint Holders of a share, the notice, whether in hard copy or by Electronic Form, must be given to the joint Holder whose name appears first in the Register of Members or the Record of Depositors and any notice so given shall be sufficient notice to the Holders of such share.

Notice for joint-Holders

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| 86. | The accidental omission to give notice of any meeting to or the non-receipt of notice of a meeting, by any person entitled to receive such notice shall not invalidate any resolution passed or the proceedings at any such meeting. | Accidental Omission or non-receipt of notice |
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### PROXY

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| 87. | <p>(1) A Member entitled to attend and vote at a general meeting of the Company, or at a general meeting of any class of Members of the Company, shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote instead of the Member at a general meeting.</p> <p>(2) Where a Member appoints more than one (1) proxy in relation to a general meeting, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.</p> <p>(3) A proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to attend, participate, speak and vote at the meeting and upon appointment a proxy shall be deemed to confer authority to demand or join in demanding a poll.</p> <p>(4) A Member is not precluded from attending the meeting in person after lodging the instrument of appointing the proxy; however, such attendance shall automatically revoke the authority granted to that Member's proxy.</p> | Appointment of proxy  |
| 88. | Where a Member of the Company is an Exempt Authorised Nominee which holds Deposited Securities in the Company for multiple beneficial owners in one (1) securities account (" <b>Omnibus Account</b> "), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.  | Appointment of Multiple Proxies by an Exempt Authorised Nominee |
| 89. | Subject to the Act, the instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing or, if the Member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. The instrument appointing a proxy authorises the proxy(ies) to demand or join in demanding a poll.  | Instrument appointing proxy to be in writing                    |
| 90. | <p>The instrument appointing a proxy shall be in such form as the Board may from time to time prescribe or approve subject to such variations or circumstances as the Act or Listing Requirements may require.</p> <p>Unless the contrary is stated thereon an instrument appointing a proxy, whether in the usual common form or not, shall be valid for any adjournment of the meeting as for the meeting to which it relates.</p>  | Form of proxy   |
| 91. | The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty- eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid.   | Instrument appointing proxy to be deposited at Company's Office |
| 92. | A vote given in accordance with the terms of the instrument of proxy or attorney shall be valid, notwithstanding the previous death or unsoundness of mind of the Member or revocation of the proxy or power of attorney under which it is made or transfer of the share in respect of which the vote is given provided that no intimation in writing of the death, unsoundness of mind, revocation or transfer shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting at which the instrument is issued.  | Validity of vote given under proxy                              |

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| 93. | A Member of the Company is permitted to give the Company notice of termination of a person's authority to act as proxy not less than twenty-four (24) hours before the time appointed for holding the meeting or an adjourned meeting. The notice of termination must be in writing and be deposited at the Office or at such other place within Malaysia. | Termination of proxy |
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## PROCEEDINGS AT GENERAL MEETINGS

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| 94. | No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, two (2) Members present in person or by proxy shall be a quorum. For the purposes of this Constitution, "Member" includes a person attending as a proxy or representing a corporation which is a Member. Where one (1) or more proxies or representatives are appointed by a Member, the proxies or representatives shall be counted as one (1) Member.   | Quorum  |
| 95. | The Members may participate in a general meeting at more than one (1) venue by video conference, web-based communication, electronic or such other communication facilities or technologies available from time to time in the future which would permit all Members participating in the meeting to communicate with each other simultaneously and instantaneously and to vote at such meeting. Participation by a Member by any of the aforesaid communication facilities shall be deemed as present at the said meeting and shall be counted towards the quorum notwithstanding the fact that he is not physically present at the main venue where the meeting is to be held.   | General meeting at more than one venue using any other technology |
|     | All business transacted in the manner as specified in this Constitution and for the purpose of this Clause shall be deemed to be validly and effectively transacted at a meeting.  |   |
| 96. | If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day be a public holiday then to the next business day following that public holiday) at the same time and place or to such other day and at such other time and place as the Directors may determine, and if at such adjourned meeting a quorum is not present within fifteen (15) minutes from the time appointed for holding the meeting, the Member or Members present shall for purposes of such adjourned meeting constitute a quorum.  | Proceeding of quorum not present                                  |
| 97. | The chairman (if any) of the Board of Directors or, in his absence, a deputy chairman (if any) shall preside as chairman at every general meeting of the Company. If there is no such chairman or deputy chairman or if at any general meeting neither the chairman or a deputy chairman is present within fifteen (15) minutes after the time appointed for holding the meeting or if neither of them is willing to act as chairman, the Directors present shall choose one (1) of their number, to act as chairman or if one (1) Director only is present, he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, the persons present and entitled to vote (on a poll) shall elect one (1) of their number to be chairman. The election of the chairman shall be by a show of hands. However, a proxy shall not be eligible for election as chairman of the meeting. | Chairman of general meeting                                       |
| 98. | No business except the election of the chairman or the adjournment of the meeting shall be transacted or discussed at any general meeting while the chair is vacant.   | No business to be transacted while chair is vacant                |
| 99. | The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.  | Adjournment with consent of meeting                               |



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| 100. | (1) | Subject to any express requirement of the Listing Requirements, at all general meetings, resolutions put to the vote of the meeting shall be decided on a show of hands, unless before or upon the declaration of the resolution of the show of hands a poll be demanded:  | Voting on resolution and demand for poll          |
|      | (a) | by the chairman;   |   |
|      | (b) | by at least three (3) Members present in person or by proxy;   |   |
|      | (c) | by any Member present in person or by proxy and representing not less than ten per centum (10%) of the total voting rights of all the Members having the right to vote at the meeting; or  |   |
|      | (d) | by a Member holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than ten per centum (10%) of the total paid up shares conferring that right.   |   |
|      | (2) | Unless a poll is so demanded, a declaration by the chairman that a resolution has on a show of hands been carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolutions. The demand for a poll may be withdrawn.  |   |
| 101. |     | If a poll is duly demanded in the manner aforesaid, it shall be taken in such manner as the chairman may direct (including the use of a ballot or voting papers or tickets or electronically using various forms of electronic voting devices) and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman may (and if so directed by the meeting shall) appoint scrutineers for the purposes of a poll, and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the results of the poll.                             | Taking a poll                                     |
| 102. |     | The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.  | Continuance of meeting of other business          |
| 103. |     | No poll shall be demanded at a general meeting on the election of a chairman of general meeting and the adjournment of meeting.  | Poll on election of chairman or on adjournment    |
| 104. |     | If the Company is Listed, and subject to any provisions to the contrary in the Listing Requirements:   | Resolutions of listed issuers to be voted by poll |
|      | (a) | any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting shall be voted on by poll; and  |   |
|      | (b) | the Company must appoint at least one (1) scrutineer to validate the votes cast at the general meeting. Such scrutineer must not be an officer of the listed issuer or its related corporation, and must be independent of the person undertaking the polling process. If such scrutineer is interested in a resolution to be passed at the general meeting, the scrutineer must declare such interest and thereupon refrain from acting as the scrutineer for that resolution. For this purpose, "officer" and "related corporation" shall have the meaning assigned to them in Sections 2 and 3 of the Act respectively. |   |
| 10.5 |     | The poll shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the chairman of the general meeting directs, and the result of the poll shall be the resolution of the meeting.  | How poll is to be taken                           |

## **VOTES OF MEMBERS**

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| 106. | In the case of an equality of votes, whether on a show of hands or a poll, the chairman of the general meeting at which the show of hands takes place or at which the poll is taken or demanded shall be entitled to a second or casting vote.   | Equality of votes  |
| 107. | Subject to this Constitution and to any rights or restrictions for the time being attached to any classes of shares, at meetings of Members or classes of Members, each Member entitled to vote may vote in person or by proxy or by attorney and on a show of hands, every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote, and on a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds.  | Voting by Members or proxies                                   |
| 108. | Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such a manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.  | Shares of different monetary denominations                     |
| 109. | Subject to Section 333 of the Act, any corporation which is a Member of the Company, may by resolution of its Directors or other governing body, authorise such person(s) to act as its representative(s) at any general meeting of the Company and a person so authorised shall in accordance with his authority and until his authority is revoked by the corporation, be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it was an individual Member of the Company.   | Corporate representative                                       |
| 110. | The joint Holders of shares of the Company shall be considered as one (1) Member. If the joint Holders purport to exercise the power in the same way, the power is treated as exercised in that way; where as if the joint Holders do not purport to exercise the power in the same way, the power is treated as not exercised.  | Votes of joint Holders of shares                               |
| 111. | A Member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, by his committee or by such other person as properly has the management of his estate, and any such committee or other person may vote either personally or by proxy or by attorney and any person entitled under the transmission Clause hereof to transfer any shares, may vote at any general meeting in respect thereof in the same manner as if he was the registered Holder of such shares provided that forty-eight (48) hours at least before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof. | Vote of Member of unsound mind and person entitled to transfer |
| 112. | No person shall be entitled to be present or to vote on any resolution either as a Member or otherwise as a proxy or attorney or representative at any general meeting (including annual general meeting) or be reckoned in the quorum in respect of any shares upon which calls are due and unpaid.   | Member barred from voting while call unpaid                    |
| 113. | No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purpose. Any such objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive.   | Time for objection   |

## **DIRECTORS: APPOINTMENT, REMOVAL, ETC.**

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| 114. | All the Directors of the Company shall be natural persons of full age and until otherwise determined by general meeting, the number of Directors shall not be less than two (2) nor more than twelve (12), but in the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum, the continuing Director or Directors may, except in an emergency, act only for the purpose of increasing the number of Directors to such minimum number or to summon a general meeting of the Company but not for any other purpose. | Number of Directors |
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| 115. | The Directors shall have power at any time to appoint any other person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with this Constitution. Any Director so appointed shall hold office only until the conclusion of the next annual general meeting and shall then be eligible for re-election at such meeting. A Director retiring under this Clause shall not be taken into account in determining the Directors or the number of Directors to retire by rotation at such meeting.  | Directors' power to fill casual vacancies or appoint additional directors |
| 116. | An election of Directors shall take place each year. At the first annual general meeting of the Company, all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one-third (1/3) of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors including Managing Director shall retire from office at least once every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the general meeting at which he retires.   | Retirement of Directors   |
| 117. | The Directors to retire in each year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.  | Selection of Directors to retire  |
| 118. | No person, not being a retiring Director shall be eligible for election to the office of Director at any general meeting unless a Member intending to propose him for election has, at least eleven (11) clear days before the meeting left at the Office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him for election, provided that in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board shall be served on the registered Holders of shares at least seven (7) days prior to the meeting at which the election is to take place. The cost of serving the notice as aforesaid where the nomination is made by a Member, shall be borne by the Member making such nomination. | Notice of intention to appoint Director                                   |
| 119. | The Company at the annual general meeting at which a Director so retires may fill the vacated office by electing a person thereto. Unless at that meeting it is expressly resolved not to fill the vacated office or a resolution for the re-election of the Director retiring at that meeting is put to the meeting and lost or some other person is elected a Director in place of the retiring Director, the retiring Director shall, if offering himself for re-election and not being disqualified under the Act from holding office as a Director, be deemed to have been re-elected.  | Retiring Director deemed to be reappointed                                |
| 120. | At any general meeting at which more than one (1) Director is to be elected, each candidate shall be the subject of a separate motion and vote unless a motion for the appointment of two (2) or more persons as Directors by a single resolution shall have first been agreed to by the meeting without any vote being given against it.  | Motion for appointment of Directors                                       |
| 121. | Subject to the Act, the Company may from time to time by Ordinary Resolution passed at a general meeting, increase or reduce the maximum or minimum number of Directors, and may also determine in what rotation the increased or reduced number is to retire from office.   | Increase or reduction of number of Directors                              |
| 122. | The Company may by Ordinary Resolution at a meeting of which special notice has been given in accordance with Section 206 of the Act, remove any Director before the expiration of the Director's tenure of office notwithstanding any provision of this Constitution or of any agreement between the Company and such Director but without prejudice to any claim he may have for damages for breach of any such contract, and may, if thought fit, by Ordinary Resolution of which special notice has been given, appoint any other person as a Director in his place. The person so appointed shall be treated, for the purpose of determining the time at which he or any other Director is to retire, as if he had become a Director on the day on which the person in whose place he is appointed was last appointed a Director. In default of such appointment, the vacancy so arising may be filled by the Directors as a casual vacancy.                      | Removal of Directors  |

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| 123. | The shareholding qualification for Directors may be fixed by the Company in general meeting and unless so fixed, no shareholding qualification for Directors shall be required. All Directors shall be entitled to receive notice of and to attend and speak at all general meetings of the Company. | Directors' Qualification |
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## ALTERNATE DIRECTOR

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| 124. | <p>(1) Each Director shall have power from time to time to nominate any person to act as his alternate provided that:</p> <ul style="list-style-type: none"> <li>(i) such person is not a Director of the Company;</li> <li>(ii) such person does not act as an alternate for more than one Director of the Company;</li> <li>(iii) the appointment is approved by a majority of the other members of the Board; and</li> <li>(iv) any fee or benefits paid by the Company to an alternate Director shall be deducted from that Director's remuneration.</li> </ul> | Alternate Directors |
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The appointer may at his discretion remove such alternate Director and appoint another in his place, if any.

- (2) An alternate Director shall (except as regards the power to appoint an alternate Director and remuneration) be subject in all respects to the terms and conditions existing with reference to the other Directors, and shall be entitled to receive notices of all general meetings and meetings of the Directors and to attend, speak and vote and be counted for the quorum at any such meeting at which his appointor is not present.
- (3) Any appointment so made may be revoked at any time by the appointor or by a majority of the Directors, and any appointment or removal of an alternate Director shall be by notice in writing to the Company signed by the Director or Directors making or revoking the appointment delivered at the Office of the Company or the Secretary of the Company either by hand, post, facsimile or in any Electronic Communication.
- (4) If a Director making any such appointment as aforesaid shall cease to be a Director (otherwise than by reason of vacating his office at a meeting of the Company at which he is re-elected), the person appointed by him shall thereupon cease to have any power or authority to act as an alternate Director.
- (5) A Director shall not be liable for the acts and defaults of any alternate Director appointed by him.
- (6) An alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being required under this Constitution or the Act.

## MANAGING DIRECTOR

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| 125. | The Directors may from time to time appoint any one (1) or more of their body to be the managing director(s) or chief executive or person(s) holding equivalent positions(s) by whatever name called, for such period and on such terms as the Board thinks fit and may revoke any such appointment.   | Director may appoint managing director |
| 126. | The Board may entrust to and confer upon a managing director any of the powers exercisable by the Board upon such terms and conditions and with such restrictions as the Board may think fit, and either collaterally with or to the exclusion of the Board's own powers, and may from time to time revoke, withdraw, alter or vary all or any of those powers. The managing director or a person holding an equivalent position shall be subject to the control of the Board. | Powers of managing directors           |
| 127. | A managing director shall, subject to the Act and the terms of any agreement entered into in any particular case, receive such fees and benefits, whether by way of salary, commission, or participation in profits and turnover, or partly in one way and partly another, as the Board may determine, subject to and in accordance with the Act.  | Remuneration of managing director      |

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128. A managing director shall be subject to retirement by rotation and shall be taken into account in determining the rotation or retirement of Directors in accordance with the provisions of this Constitution, and he shall, subject to provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company and if he ceases to hold the office of Director from any cause, he shall ipso facto and immediately cease to be a managing director.
- Retirement, resignation and removal of managing director

### REMUNERATION OF DIRECTORS

129. (1) The fees of the Directors, and any benefits payable to the Directors including any compensation for loss of employment of a Director shall from time to time be determined by an Ordinary Resolution of the Company in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree PROVIDED ALWAYS that:
- Remuneration
- (a) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
  - (b) salaries and other emoluments including benefits payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover;
  - (c) fees payable to Directors shall be subject to annual shareholders' approval at a general meeting; and
  - (d) any fee or benefits paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.
- (2) The Directors shall be entitled to be reimbursed all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meeting or otherwise howsoever incurred in the course of the performance of their duties as Directors.
- Reimbursement of expenses
- (3) Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside his ordinary duties as a Director, may be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in this Constitution.
- Special Remuneration

### DISQUALIFICATION OF DIRECTORS

130. The office of Director shall be vacated if the person holding that office:
- (a) becomes bankrupt and a receiving order in bankruptcy is made against him during his term of office or he makes any arrangement or composition with his creditors;
  - (b) resigns his office by giving a written notice to the Company at the Office;
  - (c) has retired in accordance with the provision of the Act or this Constitution but is not re-elected;
  - (d) is removed from office in accordance with the Act or this Constitution;
  - (e) becomes disqualified from being a Director under the Act and the Listing Requirements;
  - (f) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Mental Health Act 2001;

- (g) dies;
- (h) is absent from more than 50% of the total Board meetings held during a financial year unless otherwise exempted by the Exchange on application by the Company; and
- (i) ceases to be or is prohibited from being a Director by virtue of the Act or the Applicable Laws.

## **POWERS AND DUTIES OF DIRECTORS**

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| 131. | The business of the Company shall be managed by, or under the direction of the Directors who may pay all such expenses of and preliminary and incidental to the promotion, formation, establishment and registration of the Company as they think fit, and may exercise all such powers of the Company and do on behalf of the Company all such acts as may be exercised and done by the Company, and as are not by the Applicable Laws or by this Constitution required to be exercised or done by the Company in general meeting, but the exercise of all such powers shall be subject to and in accordance with the provisions of the Applicable Laws and of this Constitution and shall also be subject to and in accordance with any regulations or provisions made by the Company in general meeting, provided that no regulation so passed shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.                                     | Business of Company to be managed by Directors |
| 132. | The Directors shall not without the prior approval of the Company in a general meeting: <ul style="list-style-type: none"> <li>(a) carry into effect any proposal or execute any transaction for the acquisition of an undertaking or property of a substantial value, or the disposal of a substantial portion of the Company's or its subsidiaries' undertaking or property;</li> <li>(b) exercise any power of the Company to issue shares unless otherwise permitted under the Act; or</li> <li>(c) subject to the Act enter into any arrangement or transaction with a Director or a substantial shareholder of the Company or its holding company or with a person connected with such a Director or substantial shareholder to acquire from or dispose to such a Director or substantial shareholder or persons connected with such Director or substantial shareholder, any shares or non-cash assets of the requisite value.</li> </ul>  | Limitation on Directors' Powers                |
| 133. | The Directors may establish or arrange any contributory or non-contributory pension or superannuation scheme for the benefit of, or pay a gratuity, pension or emolument to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and the widow, family or dependants of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such person as aforesaid and make payments for or towards any hospital or scholastic expenses and any Director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only, where the Act requires, to proper disclosure to the Members and the approval of the Company in general meeting. | Power to maintain pension fund                 |
| 134. | The Directors may from time to time by power of attorney, appoint any corporation, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney/attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.   | Appointment of Attorneys                       |

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| 13.  | All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Directors may from time to time by resolution determine.   | Signing of cheques etc.                       |
| 136. | A Director shall at all times exercise his powers in accordance with the Act, for a proper purpose, in good faith and in the best interest of the Company and act honestly and use reasonable care, skill and diligence in the discharge of the duties of his office and shall not make use of any information acquired by virtue of his position to gain directly or indirectly an improper advantage for himself or for any other person or to cause detriment to the Company.   | Discharge of duties                           |
| 137. | Every Director shall give notice to the Company of such events and matters relating to himself as may be necessary or expedient to enable the Company and its officers to comply with the requirements of the Act.   | Notice of disclosures                         |
| 138. | A Director may hold any other office or place of profit under the Company (other than the office of Auditors) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any such office or place of profit or as a vendor, purchaser otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of any company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established PROVIDED ALWAYS that relevant provisions of the Act, the Listing Requirements and this Constitution are complied with. | Director may hold other office                |
| 139. | Any Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as Auditors of the Company and provided further that such shall be upon normal commercial terms.  | Director may act in his professional capacity |

### DIRECTORS' BORROWING POWERS

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| 140. | (1) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related company as may be thought fit.<br><br>(2) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security, for any debt, liability or obligation of an unrelated third party. | Directors' borrowing powers               |
| 141. | The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture stock or any mortgage, charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.   | Conditions on which money may be borrowed |
| 142. | The Company may in general meeting grant a right for the Holders of bonds, debentures, debenture stock or Securities to exchange the same for the shares in the Company authorised to be issued.  | Exchange for shares                       |



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| 143. | Subject as aforesaid, the Directors may secure or provide for the payment of any moneys to be borrowed or raised by mortgage of or charge upon all or any part of the undertaking or property of the Company, both present and future, and any capital remaining unpaid upon shares of the Company, whether called up or not or by any other security, and the Directors may confer upon any mortgagees or persons in whom any debentures, debenture stock or security is vested, such rights and powers as they think necessary or expedient; and they may vest any property of the Company in trustees for the purpose of securing any money so borrowed or so raised, and confer upon the trustees or any receiver to be appointed by them or by any debenture Holder, such rights and powers as the Directors may think necessary or expedient in relation to the undertaking or property of the Company, or the management, or the realisation thereof, of the making, receiving or enforcing of calls upon the Members in respect of unpaid capital and otherwise, and may make and issue debentures to trustees for the purpose of further security, and any such trustees may be remunerated. | Nature of security                                   |
| 144. | The Directors may give security for the payment of any moneys payable by the Company in like manner as for the payment of money borrowed or raised, but in such case the amount shall be reckoned as part of the money borrowed.  | Security for payments due                            |
| 145. | Debentures, debenture stock or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.  | Securities may be assignable free from equities      |
| 146. | Any debentures, debenture stock, bonds or other securities may be issued with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.   | Securities may be issued with special privileges     |
| 147. | The Directors shall cause proper register to be kept in accordance with the provisions of the Act of all charges specifically affecting the property of the Company and all floating charges on the undertaking or any property of the Company and shall duly comply with the requirements of the Act in regard to the registration of charges therein specified and otherwise.   | Register of charges to be kept                       |
| 148. | If the Directors or any of them, or any other persons shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.  | Power of Directors to indemnify out of Company asset |

## PROCEEDINGS OF DIRECTORS

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| 149. | The provisions of the Third Schedule of the Act shall not apply to the Company except so far as the same are repeated or contained in this Constitution.  | Third Schedule excluded      |
| 150. | The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. A Director may at any time and the Secretary shall on the requisition of a Director summon a meeting of the Directors. Meeting of the Directors may be held in outside Malaysia.   | Meeting of Directors         |
| 151. | <p>(1) Unless otherwise determined by the Directors from time to time, at least seven (7) days' notice of all Directors' meetings shall be given by hand, post, facsimile, Electronic Form or other form of Electronic Communications to all Directors and their alternate Directors who have a registered address in Malaysia, except in the case of an emergency, where reasonable notice of every Directors' meeting shall be given in writing. It shall not be necessary to give any Director or alternate Director, who does not have an address in Malaysia, registered with the Company, notice of a meeting of the Directors by hand or by post.</p> <p>(2) Any Director may waive notice of any meeting either prospectively or retrospectively.</p> | Notice of Directors' Meeting |

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- (3) The notice of each Directors' meeting shall be deemed to be served on a Director upon delivery if delivered by hand, or immediately if sent by facsimile, Electronic Form or other form of Electronic Communications or if sent by post, on the day on which a properly stamped letter containing the notice is posted.
152. The quorum necessary for the transaction of business of the Directors shall be two (2) and a meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretion by or under this Constitution vested in or exercisable by the Directors generally. If a quorum is not present within half an hour (1/2) from the time appointed for holding the meeting, the meeting stands adjourned to the next Market day at the same place and time and if at the adjourned meeting, a quorum is not present within half an hour (1/2) from the time appointed for the meeting, the meeting shall proceed without the quorum and any resolutions passed shall be deemed passed by the Directors.
153. (1) A person may participate in a meeting of the Directors by conference telephone, electronic or such other communication facilities which would permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.
- (2) Participation by a person in a meeting by conference, telephone, electronic or such other communication facilities shall be treated as presence in person by that person at the said meeting and shall be counted towards the quorum notwithstanding the fact that he is not physically present at the venue where the meeting is to be held.
- (3) For the avoidance of doubt, such meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting is at the start of the meeting.
- (4) Such a meeting shall not be deemed to have proceeded for such period or periods where the conference telephone, electronic or such other communication facilities have been disconnected.
- (5) The chairman of such a meeting shall have the discretion to postpone the meeting which had been disconnected and which cannot be reconnected within a reasonable time, to another date and time to be agreed by the participants of the meeting.
154. The Directors may from time to time elect and remove a chairman and deputy chairman of the Board and determine the period for which they are respectively to hold office. The chairman so elected, or in his absence the deputy chairman, shall preside at all meetings of the Directors but if no such chairman or deputy chairman be elected, or if at any meeting, the chairman or deputy chairman be not present within fifteen (15) minutes after the time appointed for holding the same without any prior notification by the chairman to the Directors, the Directors present shall choose one (1) of their number to act as chairman of such meeting.
155. Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a decision of the Board. In case of an equality of votes, the chairman of the meeting shall have a second or casting vote except where at the meeting only two (2) Directors form the quorum and only such quorum is present at the meeting or only two (2) Directors are competent to vote on an issue in question, the chairman of the meeting shall not have a casting vote.
156. The continuing Directors or sole continuing Director may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to this Constitution as the necessary quorum of Directors, the continuing Directors or Director may, except in an emergency, act only for the purpose of increasing the number of Directors to that minimum number or to summon a general meeting of the Company but for no other purpose.

Quorum of meetings of Directors

Meetings of Directors by means of conference telephone, electronic or any communication facilities

Chairman of the Board

Votes by majority and Chairman to have casting vote

Number of Directors below minimum

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| <p>157. Every Director shall comply with the provisions of the Act in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure, every Director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly, duties or interests might be created in conflict with his duty or interest as a Director of the Company.</p>  | <p>Disclosure of interest</p>  |
| <p>158. Subject to the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest (and if he shall do so his vote shall not be counted) nor shall his vote be counted for the purpose of any resolution regarding the same.</p>   | <p>Restriction on voting</p>   |
| <p>159. A Director notwithstanding his interest may be counted in the quorum present at any meeting where he or any other Director is appointed to hold any office or place of profit under the Company or where the Board resolves to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or where any decision is taken upon any contract or arrangement in which he is in any way interested.</p>  | <p>Relaxation or restriction on voting</p>   |
| <p>160. Subject to Clause 159, a Director may vote in respect of:</p> <ul style="list-style-type: none"> <li>(a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or</li> <li>(b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.</li> </ul>   | <p>Director may vote on the giving of security or indemnity where he is interested</p> |
| <p>By Ordinary Resolution of the Company the provisions of this Clause may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction, and any particular contract, arrangement or transaction carried out in contravention of this Clause may be ratified.</p>   |  |
| <p>161. A Director of the Company may be or become a Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly and indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a Director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation, in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be or is about to be appointed a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid PROVIDED ALWAYS that he has complied with Section 221 and all other relevant provisions of the Act and of this Constitution.</p> | <p>Directors may become Directors of other corporation</p>                             |

## APPENDIX 1

Company Registration Number: 36216-V

### COMMITTEES OF DIRECTORS

162. The Directors may establish any committee, local board or agencies comprising one (1) or more persons for managing any affairs of the Company either in Malaysia or elsewhere, and may lay down, vary or annul such rules and regulations as they may think fit for the conduct of the business thereof, and may appoint any person or persons to be the member or members of any such committee or local board or agency and may fix their remuneration and may delegate to any such committee or local board or agency any of the powers, authorities and discretion vested in the Directors, with power to sub-delegate, and may authorise the member or members of any such committee or local board or agency or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person or persons so appointed, and may annul or vary any such delegation, but no person or persons dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
- Power of Directors to appoint Board committees
163. Subject to any rules and regulations made pursuant to this Constitution, a committee may meet and adjourn as it thinks proper and questions arising at any meeting shall be determined by a majority of votes of the members present [if more than one (1)] and in the case of any equality of votes, the chairman of meeting of such committee shall have a second or casting vote except where only two (2) members are competent to vote on the question at issue.
- Meeting of committees
- 164.. A member of the committee of the Directors, may participate in a meeting of the committee by means of a conference telephone, electronic or any communication facilities which allows all persons participating in the meeting to hear each other. A participant shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly notwithstanding the fact that he is not physically present at the venue where the meeting is to be held. The meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.
- Meetings by means of conference telephone, electronic or any communication facilities
- 165.. A committee, local board or agency may elect a chairman of its meetings; if no such chairman is elected or if at any meeting, the chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, the members present may choose one (1) of their number to be chairman of the meeting.
- Chairman of committee

### VALIDATION OF ACTS OF DIRECTORS

- 166.. All acts done by any meeting of the Directors or a committee of Directors or by any person acting as a Director, local board or agency shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director, or member of such committee, local board or agency as aforesaid and had been entitled to vote.
- Directors' acts to be valid

### DIRECTORS' RESOLUTION IN WRITING

167. A resolution in writing signed or approved in writing by a majority of the Directors for the time being entitled to receive notice of a meeting of the Directors, shall be valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted. All such resolutions shall be described as "Directors' Resolution In Writing" or "Directors' Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's minute book. Any such resolution may consist of several documents or counterparts in like form, each signed by one (1) or more Directors or their alternates and may be accepted as sufficiently signed by a Director if transmitted to the Company by facsimile or other forms of Electronic Communications purporting to include a signature or the written approval of the Director.
- Directors' resolution in writing

## **AUTHENTICATION OF DOCUMENTS**

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| 168. | Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the Constitution of the Company and any resolution passed by the Company or Directors and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and, where any books, records, documents or accounts are kept elsewhere than in the Office, the local manager or other officer of the Company having custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. | Authentication of documents   |
| 169. | A document purporting to be a copy of a resolution of the Directors or an extract from the minutes of a meeting of the Directors which is certified as such in accordance with the provisions of Clause 168, shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Directors.   | Conclusive evidence of resolutions and extract of minutes of meetings |

## **MINUTES AND REGISTERS**

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| 170. | <p>The Directors shall cause minutes to be duly entered in books provided for the purpose:</p> <ul style="list-style-type: none"> <li>(a) of all appointments of officers to be engaged in the management of the Company's affairs;</li> <li>(b) of the names of all the Directors present at each meeting of the Directors and of any committee of Directors, local board or agency and of the Company in general meeting;</li> <li>(c) of all resolutions and proceedings of general meetings and of meetings of the Directors and committees of Directors, local board or agency; and</li> <li>(d) of all order made by the Directors and any committee of Directors, local board or agency.</li> </ul> <p>Such minutes shall be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting and if so signed, shall be accepted as prima facie evidence without further proof of the facts stated therein.</p> | Minutes to be entered                              |
| 171. | The Company shall in accordance with the provisions of the Act, keep at the Office or such other place provided notice has been given to the Registrar of Companies, a register containing such particulars with respect to the Directors, Managers and Secretaries of the Company as are required by the Act, and shall from time to time notify the Registrar of Companies of any change in such register and of the date of change in manner prescribed by the Act.  | Particulars of Directors, Managers and Secretaries |
| 172. | The books containing the minutes of proceedings of any general meeting shall be kept by the Company at the Office or the principal place of business in Malaysia of the Company and shall be open to the inspection of any Member without charge.   | Minutes kept at Office                             |
| 173. | <p>The Company shall also keep at the Office or such other place provided notice has been given to the Registrar of Companies, a register which shall be open to the inspection of any Member without charge and to any other person on payment for each inspection of a prescribed fee, all such matters required to be so registered under the Act, and in particular:</p> <ul style="list-style-type: none"> <li>(a) a register of substantial shareholders and of information received in pursuance of the requirements under Section 144 of the Act; and</li> <li>(b) a register of the particulars of each of the Directors' shareholdings and interests as required under Section 59 of the Act.</li> </ul>  | Registers to be kept                               |

## APPENDIX 1

Company Registration Number: 36216-V

### SECRETARY

174. The Secretary or Secretaries shall in accordance with the Act be appointed by the Directors for such term and at such remuneration and upon such conditions as they think fit and any Secretary or Secretaries so appointed may be removed by the Directors without prejudice to any claim he or they may have for damages for breach of any contract of service with the Company. The Directors may from time to time by resolution appoint a temporary substitute for the Secretary or Secretaries who shall be deemed to be the Secretary during the term of his appointment.
- Secretary

### SEAL

175. The Directors shall provide for the safe custody of the Seal which shall only be used pursuant to a resolution of the Directors or a committee of the Board authorised to use the Seal. Every instrument to which the Seal is affixed shall be autographically signed by a Director and either by a second Director or by a Secretary or by another person appointed by the Board for the purpose, save and except that, in the case of a certificate or other document of title in respect of any share, stock, loan stock or debenture as defined in the Act or any other obligations, warrants, call warrants or securities and instruments of any kind whatsoever relating to all the aforesaid created or issued or dealt with or marketed or sold by the Company, such certificate or document of title may be created or issued under the Seal (for affixing onto share certificates only pursuant to Clause 177 hereof), as the case may be, of the Company and the Board may by resolution determine that such signatures may be affixed by some mechanical electronic facsimile or autographical means or by such other means to be specified by the Board from time to time in such resolution.
- Authority for use of Seal
176. The Company may exercise the powers conferred by Section 62 of the Act with regard to having an official Seal for use abroad and such powers shall be vested in the Board.
- Official Seal for use abroad
177. The Company may also have a share seal pursuant to Section 63 of the Act. The share seal is an exact copy of the Seal of the Company with the addition on its face of the word "Securities" which is specifically used for affixing onto certificates that may be issued by the Company for any share, stock, loan stock, debentures or other marketable security relating to all aforesaid created or issued or dealt with or marketed or sold by the Company and the affixing of the share seal shall be authenticated in the manner set out in Clause 175 hereof.
- Official seal for share certificates, etc.

### ACCOUNTS TO BE KEPT AND FINANCIAL STATEMENTS

178. The Directors and managers of the Company shall cause proper accounting and other records to be kept whether in a legible or non-legible form and shall distribute copies of financial statements and other documents as required by the Act and shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and other records of the Company or any of them, shall be opened to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right to inspect any account or book or paper of the Company except as conferred by statute or authorised by the Directors or by the Company in general meeting. Subject always to Sections 245(5) and (6) of the Act, the books of account or records of operations shall be kept at the Office or at such other place as the Directors think fit and shall always be open to inspection by the Directors.
- Accounts open to inspection by Directors
179. The Board shall cause to be prepared, sent to every Member and laid before the Company in its annual general meeting the audited financial statements and directors' report in accordance with the Act. The interval between the close of a financial year of the Company and the issue of the audited financial statements, the Directors' and Auditors' reports shall not exceed four (4) months or such other period as may be prescribed by the Listing Requirements.
- Preparation and issuance of audited financial statements and directors' report

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| 180. | A copy of each of the audited financial statements, the Directors' and Auditors' reports in printed form or in CD-ROM or other Electronic Form permitted under the Listing Requirements or any combination thereof shall, not less than twenty-one (21) days before the date of the annual general meeting be sent to every Member of and to every Holder of debentures of the Company and to every other person who is entitled to receive notice of general meetings from the Company under the provisions of the Act or of this Constitution, in accordance with the provisions of the Act or of this Constitution, provided that this Clause shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office. | Circulation of copies of audited financial statements and directors' report |
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## **AUDIT**

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| 181. | (1) The Auditors shall be appointed for each financial year by Ordinary Resolution at the annual general meeting of the Company in accordance with Section 271 of the Act.  | Appointment of Auditors |
|      | (2) The Auditors shall attend every annual general meeting where the financial statements of the Company are to be laid, so as to respond according to his knowledge and ability to any question relevant to the audit of the financial statements in accordance with Section 285 of the Act. |                         |

## **DISTRIBUTIONS AND RESERVES**

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| 182. | The Company may make a distribution of dividends to the Members out of profits of the Company available if the Company is solvent, but no dividend shall exceed the amount as authorised by the Directors.  | Distribution of dividends out of profit |
| 183. | The Directors may authorise a distribution at such time and in such amount as the Directors consider appropriate, if they are satisfied that the Company will be solvent immediately after the distribution is made. The Company is regarded as solvent if the Company is able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made.  | Distribution only if Company is solvent |
| 184. | The Directors may, before authorising any distribution of dividend, set aside out of the profits of the Company such sums as they think proper as reserve fund which shall be applied by the Directors in their absolute discretion as they think conducive to the interest of the Company and pending any such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments as the Directors may from time to time think fit and may from time to time vary or realise such investments and dispose of all or any part thereof for the benefit of the Company, may divide any reserve fund into such special funds as they think fit, with all power to employ the assets constituting the reserve fund in the business of the Company and without being bound, keep the same separate from the other assets. The Directors may also without placing the same to reserve carry forward any profits of which they may think prudent not to divide. | Setting aside profits                   |
| 185. | Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of call shall be treated for the purposes of this Clause paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date that share shall rank for dividend accordingly.  | Payment of dividends                    |
| 186. | The Directors may deduct from any dividend payable to any Member, all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company held by him.   | Deduction of dividends                  |



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| 187. | The Directors may retain the dividends payable upon shares in respect of which any person is under the provision as to the transmission of shares herein before contained entitled to become a Member, or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.  | Dividends due may be retained until registration                 |
| 188. | All dividends unclaimed for more than one (1) year, subject to the Unclaimed Moneys Act, 1965 after having been declared may be invested or otherwise made use of the Directors for the benefit of the Company until claimed or paid pursuant to the Unclaimed Moneys Act, 1965.  | Unclaimed dividends may be invested                              |
| 189. | The Directors in authorising a distribution of dividends may direct payment of such dividends wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stock of any other company or in any one or more of such ways and where any difficulty arises in regard to payment of such distribution, the Directors may settle the same as they think expedient and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.  | Distribution of specific assets                                  |
| 190. | Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the Holder who is named on the Register of Members or to such person and to such address as the Holder may in writing direct or by way of telegraphic transfer or electronic transfer or remittance to such account as designated by such Holder or the person entitled to such payment. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent and the payment of any such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall operate as a good and full discharge to the Company in respect of the payment represented thereby, notwithstanding that in the case of payment by cheque or warrant, it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall be sent at the risk of the person entitled to the money thereby represented. | Payment by cheque or telegraphic transfer or electronic transfer |

### CAPITALISATION OF PROFITS

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| 191. | The Company in general meeting may upon the recommendation of the Directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the Members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively or paying up in full unissued shares or debentures of the Company to be allotted and distributed, credited as fully paid up to and amongst such Members in the proportion aforesaid, or partly in the one way and partly in the other, and the Directors shall give effect to such resolution.  | Bonus issue                                    |
| 192. | Whenever such a resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares or debenture, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make such provision by the issue of fractional shares or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorise any person to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such Members. | Director's duties and powers in capitalisation |

## LANGUAGE

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| 193. | Where any accounts, minute books or other records required to be kept by the Act are not kept in Bahasa Malaysia or English language, the Directors shall cause a true translation of such accounts, minute books and other records to be made from time to time at intervals of not more than seven (7) days and shall cause such translation to be kept with the original accounts, minute books and other records for so long as the original accounts, minute books and other records are required by the Act to be kept. | Translation |
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## NOTICES

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| 194. | Any notice or documents required to be sent to Members may be given by the Company or the Secretary to any Member:  | Service of notices and/or documents |
|      | <ul style="list-style-type: none"> <li>(a) in hard copy, either personally or sent by post to him in a prepaid letter addressed to him at his last known address; or</li> <li>(b) in Electronic Form, and sent by the following electronic means: <ul style="list-style-type: none"> <li>(i) transmitting to his last known electronic mail address;</li> <li>(ii) publishing the notice or document on the Company's website provided that a notification of the publication of the notice or document on the website via hard copy or electronic mail or short messaging service has been given in accordance with Section 320 of the Act and the Listing Requirements; or</li> <li>(iii) using any other electronic platform maintained by the Company or third parties that can host the information in a secure manner for access by Members provided that a notification of the publication or making available of the notice or document on the electronic platform via hard copy or electronic mail or short messaging service has been given to them accordingly.</li> </ul> </li> </ul>   |                                     |
| 195. | Any notice or document shall be deemed to be served by the Company to a Member:   | When service effected               |
|      | <ul style="list-style-type: none"> <li>(a) where the notice or document is sent in hard copy if by post, on the day the prepaid letter, envelope or wrapper containing such notice or documents is posted. In providing service by post, a letter from the Secretary certifying that the letter, envelope or wrapper containing the notice or document was so addressed and posted to the Member shall be sufficient to prove that the letter, envelope or wrapper was so addressed and posted; or</li> <li>(b) where the notice or document is sent by electronic means: <ul style="list-style-type: none"> <li>(i) via electronic mail, at the time of transmission to a Member's electronic mail address pursuant to Clause 194(b)(i), provided that the Company has record of the electronic mail being sent and that no written notification of delivery failure is received by the Company;</li> <li>(ii) via publication on the Company's website, on the date the notice or document is first made available on the Company's website, provided that the notification on the publication of notice or document on website has been given pursuant to Clause 194(b)(ii); or</li> <li>(iii) via electronic platform maintained by the Company or third parties, on the date the notice or document is first made available thereon provided the notification on the publication or making available of the notice or document on the relevant electronic platform has been given pursuant to Clause 194(b)(iii).</li> </ul> </li> </ul> |                                     |

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In the event that service of a notice or document pursuant to this Clause is unsuccessful, the Company must, within two (2) market days from discovery of delivery failure, make alternative arrangements for service by serving the notice or document in hard copy in accordance with Clause 194(a) hereof.

196. Subject to compliance with the Act, the requirement of the Exchange and any other relevant authorities, if any, the Company may send notice of a general meeting, its annual report or any document required to be sent to its Securities Holders via electronic means by:

- (a) publishing on a designated weblink, provided it notifies its Securities Holders separately in writing, which includes e-mailing in accordance with this Constitution, about the publication and designated weblink to download the notice of general meeting, annual report or document; or
- (b) e-mailing its Securities Holders.

Issuance of notice of a general meeting, annual report or any document required to be sent to the Company's Members by the Company via electronic means

The e-mail address of a Securities Holder as maintained by the Depository or as provided to the Company for the purpose of sending notice of a general meeting, annual report or any document required to be sent to its Securities Holders, if any, shall be deemed as the e-mail address for purposes of the aforesaid communication with the Securities Holder. In the event of a notification of e-mail delivery failure or in any other event at the Directors' discretion, the notice of a general meeting, annual report or any document required to be sent to the Company's Securities Holders may also be sent in electronic format such as CD-ROM, USB drive or any other portable electronic format whatsoever (whether available now or in the future) through which images, data, information or other material may be viewed whether electronically or digitally or however others and served in accordance with Clause 194.

Notwithstanding the aforesaid electronic means of communication, the Company shall –

- (a) give a printed hard copy of the notice of general meeting, annual report or document sent is forwarded to the Securities Holder requesting the same free of charge as soon as reasonably practicable, whether verbal or written;
- (b) designate a person to attend to Securities Holders' requests as stated in subparagraph (a) above;
- (c) designate person(s) to answer queries from Securities Holders relating to the use of the said electronic means; and
- (d) notify Securities Holders via the same electronic means of their rights to be given printed hard copies as stated in subparagraph (a) above and how Securities Holders may make such a request.

If a notice of general meeting, annual report or any document (other than a share certificate) is sent by the Company to its Securities Holders by electronic means, it is treated as being received by the intended recipient at the time it was sent. It can be proved conclusively that a notice of general meeting, annual report or any document was received by electronic means, by showing that the notice of general meeting, annual report or document was properly addressed. Subject to the Act, if a notice of general meeting, annual report or any document is sent or supplied by the Company by means of publishing on a designated weblink, it is treated as being received by the intended recipient when the notice of general meeting, annual report or document is first made available on the designated weblink or, when the recipient received (or is treated as having received) notice of the fact that the notice of general meeting, annual report or document is available on the website, whichever the later.

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| 197. | A Member's address, electronic mail address and any other contact details, provided to the Depository shall be deemed as the last known address or electronic mail address or contact details provided by the Member to the Company for purposes of communication including but not limited to service of notices and/or documents to the Member.   | Last known address for service        |
| 198. | A notice and/or document required to be sent to Members may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a Member by sending it through representatives of the deceased or assignee of the bankrupt, or by any like description, at his last known address in any manner in which the same might have been served if the death or bankruptcy had not occurred. Every person who, by operation of law, transfer, transmission or other means whatsoever, shall become entitled to any share, shall be bound by every notice and/or document in respect of such share, which prior to his name and address being entered in the Register of Members or Record of Depositors as the registered Holder of such share, shall have been duly given to the person from whom he derives the title to such share.   | Notice in case of death or bankruptcy |
| 199. | <p>(1) Notice of every meeting of Members shall be given in any manner hereinbefore mentioned to:</p> <p>(a) every Member at his last known address;</p> <p>(b) every person entitled to a share in consequence of the death or bankruptcy of a Member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting;</p> <p>(c) the Auditors of the Company;</p> <p>(d) the Directors of the Company; and</p> <p>(e) every Exchange in which the Company is listed.</p> <p>(2) The Company shall give at least fourteen (14) days' notice of every meeting of Members or at least twenty-one (21) days' notice before the meeting where any Special Resolution is to be proposed or where it is an annual general meeting by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to the Exchange.</p> <p>(3) Any notice and/or document required by a court of law or otherwise required or allowed to be given by the Company to the Members or any of them, and not expressly provided for by this Constitution or which cannot for any reason be served in the manner referred to in this Constitution shall be sufficiently given if given by advertisement, and any notice and/or document required to be or which may be given by advertisement, shall be deemed to be duly advertised once advertised in a widely circulated newspaper in Malaysia in the national language or English language.</p> | Who may receive notice                |

## WINDING UP

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| 200. | If the Company is wound up (whether the liquidation is voluntary, under supervision, or by the court), the liquidator may after the payment or satisfaction of all liabilities of the Company including preferred payments under the Act, with the sanction of a Special Resolution of the Company, divide amongst the Members in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the Members or different classes of Members. The liquidators may, with the like sanction, vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability. | Distribution of assets in specie |
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## APPENDIX 1

Company Registration Number: 36216-V

201. Save that this Constitution shall be without prejudice to the rights of Holders of shares issued upon special terms and conditions the following provisions shall apply: Sharing of loss and excess
- (a) if the Company shall be wound up and the assets available for distribution among the Members as such, shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively; and
  - (b) if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed among the Members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively.

202. On the voluntary liquidation of the Company, no commission or fee shall be paid to the liquidator unless it shall have been approved by the Members. The amount of such payment shall be notified to all Members at least seven (7) days prior to the meeting at which the commission or fee is to be considered. Voluntary liquidation

### SECRECY CLAUSE

203. Save as may be provided by the Act, no Member shall be entitled to enter into or upon or inspect any premises or property of the Company nor to require discovery of any information respecting any detail of the Company's trading, manufacturing or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Members of the Company to communicate to the public. Secrecy

### INDEMNITY AND INSURANCE

204. Subject to the Applicable Laws, every Director, Auditors, Secretary and other officers (as defined in the Act) for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred or sustained by him in or about the execution of his duties of his office or otherwise in relation thereto, and the Company may effect insurance for such persons against such liability. Indemnity and insurance for Company's officer and Auditors

### RECONSTRUCTION

205. On the sale of the undertaking of the Company, the Directors or the liquidators on a winding up may, if authorised by a Special Resolution, accept fully paid or partly paid-up shares, debentures or securities of any other company, either incorporated in Malaysia or not, either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Directors (if the profits of the Company permit), or the liquidators (on a winding up), may distribute such shares or securities, or any property of the Company amongst the Members without realisation, or vest the same in trust for them and any Special Resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefits or property, otherwise than in accordance with the strict legal rights of the Members or contributories of the Company, and for valuation of any such securities or property at such price and in such manner as the meeting may approve, and all Holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in the case of the Company which is proposed to be or is in the course of being wound up, such statutory rights (if any) under Section 457 of the Act as are incapable of being varied or excluded by this Constitution. In case any of the shares to be divided as aforesaid involves a liability to calls or otherwise any person entitled to such division to any of the said shares may, within ten (10) days after the passing of the Special Resolution, by notice in writing, direct the Directors or the liquidator to sell his proportion and pay him the net proceeds and the Directors or the liquidator shall, if practicable, act accordingly. Power of the Directors and liquidators to accept shares, as consideration for sale

## **COMPLIANCE WITH STATUTES, REGULATIONS AND RULES**

- |      |  |   |
|------|--|---|
| 206. | The Company shall comply with the provisions of all Applicable Laws, notwithstanding any provisions in this Constitution to the contrary.  | Compliance with statutes, regulations and rules |
| 207. | Subject to the Applicable Laws and the provisions of this Constitution, the Company may seek its shareholders' mandate which is renewable on an annual basis to enter into, deal with, act in or handle all related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the day to day operations of the Company. | General mandate                                 |

## **ALTERATION**

- |      |   |                            |
|------|---|----------------------------|
| 208. | Subject to the Act and this Constitution, no amendment whether by way of rescission, alteration or addition shall be made to this Constitution unless the same has been passed by a Special Resolution. | Alteration of Constitution |
|------|---|----------------------------|

## **EFFECT OF THE APPLICABLE LAWS**

- |      |  |                               |
|------|--|-------------------------------|
| 209. | Notwithstanding anything contained in this Constitution:   | Effect of the Applicable Laws |
|      | (a) If the Applicable Laws prohibit an act being done, that act shall not be done.   |                               |
|      | (b) Nothing contained in this Constitution prevents an act being done that the Applicable Laws require to be done.   |                               |
|      | (c) If the Applicable Laws require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).                               |                               |
|      | (d) If the Applicable Laws require this Constitution to contain a provision and they do not contain such a provision, this Constitution is deemed to contain that provision.             |                               |
|      | (e) If the Applicable Laws require this Constitution not to contain a provision and they contain such a provision, this Constitution is deemed not to contain that provision.            |                               |
|      | (f) If any provision of this Constitution is or becomes inconsistent with the Applicable Laws, this Constitution is deemed not to contain that provision to the extent of inconsistency. |                               |

## **WAIVER**

- |      |  |        |
|------|--|--------|
| 210. | Where permitted under the law, the Company is empowered to apply as the Directors think fit, to the Exchange to:                                     | Waiver |
|      | (a) waive or modify the Company's compliance with any of the Listing Requirements or part thereof; and/or  |        |
|      | (b) vary or revoke any decision(s) made by the Exchange in respect of the Company's compliance with any of the Listing Requirements or part thereof. |        |

## PROXY FORM

\*I/We, (full name in capital letters) .....

bearing \*NRIC No./Passport No./Company No.....

of (full address) .....

being a \*member/members of EDEN INC. BERHAD ("**Company**"), hereby appoint:-

### First Proxy "A"

Full Name	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

and/or failing \*him/her,

### Second Proxy "B"

Full Name	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

100%

or failing \*him/her, the \*CHAIRMAN OF THE MEETING as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Forty-First Annual General Meeting of the Company to be held at Banquet Hall, Persatuan Alumni Universiti Malaya (PAUM) Clubhouse, Lot 10476, Jalan Susur Damansara (Jalan Damansara Lama), 50480 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 19 June 2019 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at \*his/her discretion.

Item No.	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.			
2.	(a) To re-elect Tan Sri Abd Rahim bin Mohamad who is to retire pursuant to Article 95 of the Company's Articles of Association.	1		
	(b) To re-elect Dato' Mohamed Salleh bin Bajuri who is to retire pursuant to Article 95 of the Company's Articles of Association.	2		
	(c) To re-elect Datuk Seri Ahmad bin Hj. Kabit who is to retire pursuant to Article 95 of the Company's Articles of Association.	3		
3.	To re-appoint Messrs. Afrihan Tarmili Khairul Azhar as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	4		
<b>Special Business</b>				
4.	<b>Ordinary Resolution</b> : Payment of Directors' Fees	5		
5.	<b>Ordinary Resolution</b> : Payment of Benefits Payable to the Non-Executive Directors under Section 230(1)(b) of the Companies Act 2016	6		
6.	<b>Ordinary Resolution</b> : Retention of Dato' Mohamed Salleh bin Bajuri as an Independent Director	7		
7.	<b>Ordinary Resolution</b> : Authority to issue shares pursuant to the Companies Act 2016	8		
8.	<b>Special Resolution</b> : Proposed Adoption of the New Constitution of the Company	9		

\* Strike out whichever not applicable

Signed this ..... day of ....., 2019.

.....  
Signature of Member/Common Seal

### Notes:-

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 12 June 2019 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and vote at the Meeting.
- A member entitled to attend and vote at the Meeting is entitled to appoint up to two (2) proxies at the Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or signed by an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialed.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- The instrument appointing a proxy must be deposited at the office of Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.
- Any Notice of Termination of Authority to act as Proxy must be received by the Company before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-
  - the constitution of the quorum at such meeting;
  - the validity of anything he did as chairman of such meeting;
  - the validity of a poll demanded by him at such meeting; or
  - the validity of the vote exercised by him at such meeting.



Please fold along this line (1)

**Form of Proxy**

**AFFIX STAMP**

To:  
**EDEN INC. BERHAD** (Co. No. 36216-V)  
c/o Securities Services (Holdings) Sdn. Bhd.  
Level 7, Menara Milenium, Jalan Damanlela,  
Pusat Bandar Damansara, Damansara Heights,  
50490 Kuala Lumpur.



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**[www.edenzil.com](http://www.edenzil.com)**

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**EDEN INC. BERHAD**  
(Co. No. 36216-V)

15th Floor, Amcorp Tower, Amcorp Trade Centre,  
18, Jalan Persiaran Barat, Off Jalan Timur,  
46050 Petaling Jaya, Selangor.

Tel : 603-7957 7781    Fax : 603-7957 4793