

# FINANCIAL STATEMENT

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## DIRECTORS' REPORT

### For The Year Ended 31 March 2019

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

#### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, property development and provision of management services whilst the principal activities of the subsidiaries are stated in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

#### SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

#### RESULTS

	Group	Company
	RM	RM
Loss for the year attributable to:		
- Owners of the Company	(22,230,016)	(51,459,678)
- Non-controlling interest	(239,729)	-
	(22,469,745)	(51,459,678)

#### RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

#### DIVIDENDS

The Directors do not recommend any dividend to be paid for the financial year ended 31 March 2019.

#### DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Tan Sri Dato' Seri Dr. Ting Chew Peh  
Ho Wen Yan  
Ho Mook Leong  
Dato' Tan Bing Hua  
Chew Po Sim  
Ho Wen Fan (alternate director to Chew Po Sim)  
Chew Hoe Soon  
Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud

#### DIRECTORS OF THE SUBSIDIARIES

Directors of the subsidiaries who served during the financial year until the date of this report are:

Ho Wen Yan  
Ho Mook Leong  
Ho Wen Fan

## DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

The Company	Number of ordinary shares			At 31.3.2019
	At 1.4.2018	Bought	Sold	
<b>Direct interest:</b>				
Tan Sri Dato' Seri Dr. Ting Chew Peh	391,110	-	-	391,110
Ho Wen Yan	1,564,440	-	-	1,564,440
Ho Mook Leong	2,215,823	-	-	2,215,823
Dato' Tan Bing Hua	70,221	-	-	70,221
Chew Hoe Soon	363,554	-	-	363,554
<b>Deemed interest:</b>				
Tan Sri Dato' Seri Dr. Ting Chew Peh <sup>#</sup>	336,274	-	-	336,274
Ho Wen Yan <sup>*</sup>	111,589,294	500,000	-	112,089,294
Ho Mook Leong <sup>^</sup>	109,154	495,000	-	604,154
Dato' Tan Bing Hua <sup>#</sup>	-	200,000	-	200,000
Chew Po Sim <sup>*</sup>	111,589,294	500,000	-	112,089,294
Chew Hoe Soon <sup>^</sup>	758,220	51,700	-	809,920
Ho Wen Fan <sup>*</sup>	111,589,294	500,000	-	112,089,294

Ho Wen Yan, Chew Po Sim and Ho Wen Fan by virtue of their interest in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent that the Company has an interest.

\* Deemed interested through shares held in another corporation, Heng Holdings Sdn. Berhad

# Deemed interested through spouse.

^ Deemed interested through spouse and children.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object 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.

## ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company and no debentures were issued during the financial year.

## INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of sum insured and premium paid for Directors and officers of the Company are RM10,000,000 and RM10,625 respectively.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability 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 substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for the impairment as disclosed in Note 20, the financial performance of the Group and of the Company for the financial year ended 31 March 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## **SIGNIFICANT EVENTS DURING THE YEAR**

The significant events are as disclosed in Note 34 to the financial statements.

## **AUDITORS**

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 20 to the financial statements.

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

.....  
Ho Wen Yan  
Director

.....  
Ho Wen Fan  
Director

Kuala Lumpur,

Date: 17 July 2019

## STATEMENTS OF FINANCIAL POSITION

As At 31 March 2019

Note	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	RM	RM	RM	RM	RM	RM
<b>Assets</b>						
Property, plant and equipment	3 15,099,889	16,610,934	8,983,326	5,455,169	5,781,610	6,018,373
Investment properties	4 1,696,251	1,739,009	1,781,766	1,908,538	1,954,596	2,000,653
Intangible assets	5 16,941,800	23,741,140	25,510,306	-	-	-
Investments in subsidiaries	6 -	-	-	167,953,841	125,091,146	125,091,146
Investment in an associate	7 160,508,306	189,440,202	66,701,555	-	-	-
Inventories	8 478,626,857	455,574,695	442,600,038	6,702,085	6,702,085	6,654,385
Trade and other receivables	9 8,388,756	8,763,250	6,572,868	75,353	63,720	62,720
Deposits placed with licensed banks	10 3,275,841	3,187,883	3,101,738	569,456	552,333	535,466
Deferred tax assets	11 14,955,796	15,121,747	12,947,394	2,258,628	2,230,935	2,164,581
<b>Total non-current assets</b>	699,493,496	714,168,860	568,198,991	184,923,070	142,376,425	142,527,324
Inventories	8 338,441,207	327,227,511	298,515,477	283,411	564,039	888,079
Contract assets	12 70,117,601	50,117,820	76,898,761	-	-	-
Contract costs	12 24,246,601	18,785,293	11,236,423	-	-	-
Other current assets	13 547,637	311,494	890,937	222,406	215,720	425,891
Current tax assets	3,543,600	5,780,544	-	-	-	-
Trade and other receivables	9 43,145,250	74,508,457	52,985,766	407,963,340	408,831,126	351,739,024
Cash and bank balances	10 16,587,255	16,280,160	44,628,701	2,559,372	309,612	4,608,576
<b>Total current assets</b>	496,629,151	493,011,279	485,156,065	411,028,529	409,920,497	357,661,570
<b>Total assets</b>	1,196,122,647	1,207,180,139	1,053,355,056	595,951,599	552,296,922	500,188,894

STATEMENTS OF FINANCIAL POSITION (CONT'D)  
As At 31 March 2019

Note	Group			Company		
	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
<b>Equity</b>						
Share capital	352,000,000	352,000,000	352,000,000	352,000,000	352,000,000	352,000,000
Retained earnings/ (Accumulated losses)	217,498,216 (6,933,000)	241,545,674 (2,581,000)	246,423,583	(48,277,760)	3,181,918	863,423
Translation reserves			-	-	-	-
<b>Equity attributable to owners of the Company</b>	562,565,216	590,964,674	598,423,583	303,722,240	355,181,918	352,863,423
<b>Non-controlling interests</b>	22,577,713	-	-	-	-	-
<b>Total equity</b>	585,142,929	590,964,674	598,423,583	303,722,240	355,181,918	352,863,423
<b>Liabilities</b>						
Trade and other payables	6,541,031	18,987,560	13,622,641	-	-	-
Deferred tax liabilities	37,593,147	20,006,615	19,645,341	-	-	-
Loans and borrowings	310,622,634	230,105,019	191,454,074	95,936,661	82,815,000	80,680,000
<b>Total non-current liabilities</b>	354,756,812	269,099,194	224,722,056	95,936,661	82,815,000	80,680,000
Trade and other payables	137,614,603	134,045,322	136,668,543	140,102,709	43,905,083	43,359,731
Contract liabilities	26,148,539	1,355,482	4,832,666	-	-	-
Loans and borrowings	92,459,764	211,715,467	86,931,340	55,936,803	69,991,600	23,040,000
Current tax liabilities	-	-	1,776,868	253,186	403,321	245,740
<b>Total current liabilities</b>	256,222,906	347,116,271	230,209,417	196,292,698	114,300,004	66,645,471
<b>Total liabilities</b>	610,979,718	616,215,465	454,931,473	292,229,359	197,115,004	147,325,471
<b>Total equity and liabilities</b>	1,196,122,647	1,207,180,139	1,053,355,056	595,951,599	552,296,922	500,188,894

The notes on pages 78 to 150 are an integral part of these financial statements.



## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 March 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Revenue	18	272,520,410	227,356,722	10,888,270	15,488,510
Cost of sales		(198,790,940)	(162,359,842)	(280,628)	(324,040)
<b>Gross profit</b>		73,729,470	64,996,880	10,607,642	15,164,470
Other income	19	8,100,144	1,657,498	12,944,012	9,808,109
Administrative expenses		(46,207,761)	(31,224,290)	(17,905,405)	(9,221,422)
Selling and marketing expenses		(12,600,898)	(13,785,081)	-	-
Net loss on impairment of financial instruments		(17,024)	-	(42,783,009)	-
<b>Results from operating activities</b>	20	23,003,931	21,645,007	(37,136,760)	15,751,157
Finance costs	21	(20,166,773)	(14,332,555)	(14,104,923)	(5,844,718)
Share of (loss)/profit of equity-accounted associate, net of tax		(16,649,000)	1,313,000	-	-
<b>(Loss)/Profit before tax</b>		(13,811,842)	8,625,452	(51,241,683)	9,906,439
Tax expense	23	(8,657,903)	(6,463,361)	(217,995)	(547,944)
<b>(Loss)/Profit for the year</b>		(22,469,745)	2,162,091	(51,459,678)	9,358,495
<b>Other comprehensive loss, net of tax</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Share of other comprehensive loss of equity-accounted associate		(4,352,000)	(2,581,000)	-	-
<b>Total comprehensive (loss)/income</b>		(26,821,745)	(418,909)	(51,459,678)	9,358,495
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(22,230,016)	2,162,091	(51,459,678)	9,358,495
Non-controlling interests		(239,729)	-	-	-
<b>(Loss)/Profit for the year</b>		(22,469,745)	2,162,091	(51,459,678)	9,358,495
<b>Total comprehensive (loss)/income attributed:</b>					
Owners of the Company		(26,582,016)	(418,909)	(51,459,678)	9,358,495
Non-controlling interests		(239,729)	-	-	-
<b>Total comprehensive (loss)/income for the year</b>		(26,821,745)	(418,909)	(51,459,678)	9,358,495
<b>Basic (loss)/earnings per ordinary share (sen)</b>	24	(6.32)	0.61		

The notes on pages 78 to 150 are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 March 2019

Group	Note	Attributable to owners of the Company					
		Share capital RM	Non- distributable Translation reserves RM	Distributable Retained earnings RM	Total RM	Non- controlling interest RM	Total equity RM
<b>At 1 April 2017</b>		352,000,000	-	246,423,583	598,423,583	-	598,423,583
<i>Total other comprehensive income for the year</i>							
- Share of losses of equity-accounted associate		-	(2,581,000)	-	(2,581,000)	-	(2,581,000)
Profit for the year		-	-	2,162,091	2,162,091	-	2,162,091
<b>Total comprehensive income for the year</b>		-	(2,581,000)	2,162,091	(418,909)	-	(418,909)
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	25	-	-	(7,040,000)	(7,040,000)	-	(7,040,000)
<b>Total transactions with owners of the Company</b>		-	-	(7,040,000)	(7,040,000)	-	(7,040,000)
<b>At 31 March 2018</b>		352,000,000	(2,581,000)	241,545,674	590,964,674	-	590,964,674
		Note 14	Note 15	Note 15			
<b>At 1 April 2018</b>		352,000,000	(2,581,000)	241,545,674	590,964,674	-	590,964,674
<i>Total other comprehensive income for the year</i>							
- Share of losses of equity-accounted associate		-	(4,352,000)	-	(4,352,000)	-	(4,352,000)
Loss for the year		-	-	(22,230,016)	(22,230,016)	(239,729)	(22,469,745)
<b>Total comprehensive loss for the year</b>		-	(4,352,000)	(22,230,016)	(26,582,016)	(239,729)	(26,821,745)
Changes in ownership interest in a subsidiary	34.3	-	-	(1,817,442)	(1,817,442)	22,817,442	21,000,000
<b>At 31 March 2019</b>		352,000,000	(6,933,000)	217,498,216	562,565,216	22,577,713	585,142,929
		Note 14	Note 15	Note 15			

## STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 March 2019

Company	Note	← Attributable to owners of the Company →		Total equity RM
		Share capital RM	Distributable Retained earnings/ (Accumulated losses) RM	
<b>At 1 April 2017</b>		352,000,000	863,423	352,863,423
<b>Profit and total comprehensive income for the year</b>		-	9,358,495	9,358,495
<i>Contributions by and distributions to owners of the Company</i>				
- Dividends to owners of the Company	25	-	(7,040,000)	(7,040,000)
<b>Total transactions with owners of the Company</b>		-	(7,040,000)	(7,040,000)
<b>At 31 March 2018/1 April 2018</b>		352,000,000	3,181,918	355,181,918
<b>Loss and total comprehensive loss for the year</b>		-	(51,459,678)	(51,459,678)
<b>At 31 March 2019</b>		352,000,000	(48,277,760)	303,722,240
		Note 14	Note 15	

The notes on pages 78 to 150 are an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

For The Year Ended 31 March 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Cash flows from operating activities</b>					
(Loss)/Profit before tax		(13,811,842)	8,625,452	(51,241,683)	9,906,439
Adjustments for:					
Amortisation of concession assets	5	630,160	630,160	-	-
Bargain purchase gain		(6,427,925)	-	-	-
Depreciation of:					
- investment properties	4	42,758	42,757	46,058	46,057
- property, plant and equipment	3	2,065,255	1,166,802	509,345	613,768
Dividend income	18	-	-	(6,150,000)	(11,000,000)
Finance income	19	(709,965)	(812,737)	(12,830,795)	(9,650,096)
Finance costs	21	20,166,773	14,332,555	14,104,923	5,844,718
Gain on disposal property, plant and equipment		(757)	-	(238)	-
Impairment loss:					
- amount due from subsidiaries		-	-	42,783,009	-
- concession assets	5	583,450	537,901	-	-
- goodwill	5	5,585,730	966,065	-	-
- trade receivables		19,865	447,434	-	-
- investment in an associate		7,930,896	-	-	-
- investment in a subsidiary		-	-	7,123,110	-
Property, plant and equipment written off		10,582	19,888	-	-
Share of loss/(profit) of equity accounted associate		16,649,000	(1,313,000)	-	-
<b>Operating profit/(loss) before changes in working capital</b>		<b>32,733,980</b>	<b>24,643,277</b>	<b>(5,656,271)</b>	<b>(4,239,114)</b>
<b>Changes in working capital:</b>					
- Contract assets		(19,999,781)	26,780,941	-	-
- Contract costs		(5,461,308)	(7,548,870)	-	-
- Contract liabilities		24,793,057	(3,477,184)	-	-
- Inventories		71,673,067	(32,428,943)	280,628	276,340
- Trade and other receivables and other current assets		10,726,955	(2,233,631)	(1,417,740)	(22,788,649)
- Trade and other payables and other current liabilities		(9,549,636)	9,781,698	(106,607)	(1,034,537)
<b>Cash generated from/(used in) operations</b>		<b>104,916,334</b>	<b>15,517,288</b>	<b>(6,899,990)</b>	<b>(27,785,960)</b>
Interest paid		(1,250,728)	(714,215)	(792,901)	(578,255)
Interest received		454,703	475,304	12,830,390	16,867
Tax paid		(7,984,358)	(15,833,852)	(395,823)	(456,717)
<b>Net cash from/(used in) operating activities</b>		<b>96,135,951</b>	<b>(555,475)</b>	<b>4,741,676</b>	<b>(28,804,065)</b>

## STATEMENTS OF CASH FLOWS (CONT'D)

For The Year Ended 31 March 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Cash flows from investing activities</b>					
Acquisition of a subsidiary, net of cash and cash equivalent acquired	31	(48,383,805)	-	(48,385,805)	-
Acquisition of:					
- an associate		-	(124,006,647)	-	-
- concession assets		-	(364,960)	-	-
- property, plant and equipment	(i)	(450,290)	(8,814,298)	(34,956)	(377,005)
Advances given to subsidiaries		-	-	(63,115,395)	(24,461,053)
Deposit for acquisition of a subsidiary		-	(21,000,000)	-	-
Dividends received		-	-	6,150,000	11,000,000
Incorporation of a subsidiary		-	-	(2)	-
Proceeds from disposal of:					
- property, plant and equipment		35,365	-	1,400	-
- shares in a subsidiary		21,000,000	-	21,000,000	-
<b>Net cash used in investing activities</b>		<b>(27,798,730)</b>	<b>(154,185,905)</b>	<b>(84,384,758)</b>	<b>(13,838,058)</b>
<b>Cash flows from financing activities</b>					
Change in pledged deposits		(87,958)	(86,145)	(17,123)	(16,867)
Dividend paid		-	(14,080,000)	-	(14,080,000)
Interest paid		(29,054,970)	(22,876,088)	(11,039,346)	(4,515,846)
Drawdown of loans and borrowings		272,818,463	247,197,462	93,000,000	72,000,000
Repayment of loans and borrowings		(311,841,879)	(99,564,464)	(93,010,128)	(34,905,000)
Repayment of finance lease liabilities		(41,951)	-	(41,951)	-
Advances received from subsidiaries		-	-	94,031,557	7,869,272
<b>Net cash (used in)/from financing activities</b>		<b>(68,208,295)</b>	<b>110,590,765</b>	<b>82,923,009</b>	<b>26,351,559</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>128,926</b>	<b>(44,150,615)</b>	<b>3,279,927</b>	<b>(16,290,564)</b>
Cash and cash equivalents at beginning of year		478,086	44,628,701	(11,681,988)	4,608,576
<b>Cash and cash equivalents at end of year</b>	(ii)	<b>607,012</b>	<b>478,086</b>	<b>(8,402,061)</b>	<b>(11,681,988)</b>

## STATEMENTS OF CASH FLOWS (CONT'D)

For The Year Ended 31 March 2019

(i) Additions of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM599,400 and RM184,066 respectively, of which RM149,110, were acquired by means of finance leases.

(ii) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Deposits	10	3,275,841	3,187,883	569,456	552,333
Less: Pledged deposits	10	(3,275,841)	(3,187,883)	(569,456)	(552,333)
		-	-	-	-
Cash and bank balances	10	16,587,255	16,280,160	2,559,372	309,612
Less: Bank overdraft	17	(15,980,243)	(15,802,074)	(10,961,433)	(11,991,600)
		607,012	478,086	(8,402,061)	(11,681,988)

The notes on pages 78 to 150 are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

Hua Yang Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

### Principal place of business/Registered office

C-21, Jalan Medan Selayang 1  
Medan Selayang  
68100 Batu Caves  
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the year ended 31 March 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates. The financial statements of the Company as at and for the year ended 31 March 2019 do not include other entities.

The Company is principally engaged in investment holding, property development and provision of management services whilst the principal activities of the subsidiaries are stated in Note 6 to the financial statements. There have been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 17 July 2019.

### 1. BASIS OF PREPARATION

#### (a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia. This is the Group's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia. The financial impact on transition to MFRS is disclosed in Note 35 to the financial statements.

The following are accounting standards, amendments and interpretations 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 Ventures – Long-term Interests in Associates and Joint Ventures*

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020**

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

## 1. BASIS OF PREPARATION (CONT'D)

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

#### **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, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the above mentioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 April 2019 for those accounting standard, interpretation and amendments that are effective for annual periods beginning on or after 1 January 2019; and
- from the annual period beginning on 1 April 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

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

The initial application of the accounting standards, interpretations and amendments is 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 introduces 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.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs 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 estimates are revised and in any future periods affected.



## 1. BASIS OF PREPARATION (CONT'D)

### (d) Use of estimates and judgements (cont'd)

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 2(l)(ii) and Note 5 - impairment of intangible assets
- Note 2(l)(ii) and Note 6 - impairment of investment in subsidiaries
- Note 2(l)(ii) and Note 7 - impairment of investment in an associate
- Note 2(h) and Note 8 - valuation of inventories
- Note 2(r) and Note 11 - valuation of deferred tax assets
- Note 2(p)(i) and Note 18 - sales of development properties

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### (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 the investee that significantly affect the investee's return.

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 investment 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 the consideration transferred; plus
- the recognised amount of any non-controlling interests 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 proportionate 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (iii) Changes in non-controlling interests

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

#### (iv) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the 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 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 exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued 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 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 gains or losses previously recognised in other comprehensive income are also reclassified proportionately to 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.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

#### (v) Non-controlling interests

Non-controlling interests 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 interests and owners of the Company.

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

#### (vi) 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Foreign currency

#### *Operations denominated in functional currencies other than Ringgit Malaysia*

The assets and liabilities of operations denominated in functional currencies other than RM are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

### (c) Financial instruments

#### (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.

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.

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

##### **Financial assets**

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.

##### **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 (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 2(l)(i)).

##### **Financial liabilities**

##### **Amortised cost**

All financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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.

#### (iii) Financial guarantee contracts

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

Financial 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.

#### (iv) 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 transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

### (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.

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Property, plant and equipment (cont'd)

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

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.

#### (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 is 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 depreciation rates for the current and comparative periods based on their estimated useful lives are as follows:

• Long term leasehold land	96 years
• Buildings	5 - 50 years
• Furniture, fittings, office equipment and renovation	10 years
• Motor vehicles	5 years

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

### (e) Leased assets

#### (i) Finance lease

Leases, in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Leased assets (cont'd)

#### (ii) Operating lease

Leases where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised in the statement of financial position.

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

### (f) Intangible asset

#### (i) Goodwill

Goodwill arising on business combination is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

#### (ii) Concession assets

Concession assets, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

#### (iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill is recognised in profit or loss as incurred.

#### (iv) Amortisation

Goodwill and intangible asset with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Concession assets are amortised from the date they are available for use. Amortisation is based on the cost of the concession assets less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the concession assets.

The estimated useful lives of concession assets for the current and comparative periods are 20 to 30 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

### (g) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land which in substance is a finance lease held for a currently undetermined future use. Investment properties measured at cost less any accumulated depreciation and any accumulated impairment losses are accounted for similarly to property, plant and equipment.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the land, development and conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### (i) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments (see Note 2(l)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

### (j) Contract cost

#### (i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

#### (ii) Cost to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

### (k) Cash and cash equivalents

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) Impairment

#### (i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, 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 and contract assets 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.

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.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets 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 and the Company's procedures for recovery amounts due.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) Impairment (cont'd)

#### (ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, lease receivables, deferred tax assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, 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.

### (m) 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (n) Employee benefits

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

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

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

#### (ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### (o) 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.

### (p) Revenue and other income

#### (i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

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

#### (ii) Rental income

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

#### (iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (p) Revenue and other income (cont'd)

#### (iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

### (q) 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.

### (r) 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.

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.

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (s) 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.

### (t) Operating segments

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

### (u) 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.

### (v) Fair value measurement

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Furniture, fittings, office equipment and renovation RM	Motor vehicles RM	Total RM
<b>Cost</b>						
At 1 April 2017	514,310	1,572,744	2,959,737	8,042,880	180,141	13,269,812
Additions	-	-	8,008,131	806,167	-	8,814,298
Write off	-	-	-	(115,947)	-	(115,947)
At 31 March 2018/1 April 2018	514,310	1,572,744	10,967,868	8,733,100	180,141	21,968,163
Additions	-	-	130,284	469,116	-	599,400
Disposals	-	-	-	(5,750)	(90,340)	(96,090)
Write off	-	-	-	(14,929)	-	(14,929)
At 31 March 2019	514,310	1,572,744	11,098,152	9,181,537	89,801	22,456,544
<b>Depreciation</b>						
At 1 April 2017	-	156,622	559,751	3,490,275	79,838	4,286,486
Depreciation for the year	-	16,497	342,100	799,405	8,800	1,166,802
Write off	-	-	-	(96,059)	-	(96,059)
At 31 March 2018/1 April 2018	-	173,119	901,851	4,193,621	88,638	5,357,229
Depreciation for the year	-	16,497	1,279,557	768,863	338	2,065,255
Disposals	-	-	-	(3,890)	(57,592)	(61,482)
Write off	-	-	-	(4,347)	-	(4,347)
At 31 March 2019	-	189,616	2,181,408	4,954,247	31,384	7,356,655
<b>Carrying amounts</b>						
At 1 April 2017	514,310	1,416,122	2,399,986	4,552,605	100,303	8,983,326
At 31 March 2018/1 April 2018	514,310	1,399,625	10,066,017	4,539,479	91,503	16,610,934
At 31 March 2019	514,310	1,383,128	8,916,744	4,227,290	58,417	15,099,889

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Long term leasehold land RM	Buildings RM	Furniture, fittings, office equipment and renovation RM	Motor vehicles RM	Total RM
<b>Cost</b>					
At 1 April 2017	1,254,000	2,490,204	5,491,045	100,732	9,335,981
Additions	-	-	377,005	-	377,005
At 31 March 2018 /1 April 2018	1,254,000	2,490,204	5,868,050	100,732	9,712,986
Additions	-	-	184,066	-	184,066
Disposal	-	-	-	(4,882)	(4,882)
At 31 March 2019	1,254,000	2,490,204	6,052,116	95,850	9,892,170
<b>Depreciation</b>					
At 1 April 2017	130,292	462,860	2,689,026	35,430	3,317,608
Depreciation for the year	13,062	49,804	542,102	8,800	613,768
At 31 March 2018 /1 April 2018	143,354	512,664	3,231,128	44,230	3,931,376
Depreciation for the year	13,063	49,804	446,140	338	509,345
Disposal	-	-	-	(3,720)	(3,720)
At 31 March 2019	156,417	562,468	3,677,268	40,848	4,437,001
<b>Carrying amounts</b>					
At 1 April 2017	1,123,708	2,027,344	2,802,019	65,302	6,018,373
At 31 March 2018 /1 April 2018	1,110,646	1,977,540	2,636,922	56,502	5,781,610
At 31 March 2019	1,097,583	1,927,736	2,374,848	55,002	5,455,169

#### Securities

Freehold land, long term leasehold land and buildings of the Group and the Company amounting to RM3,957,192 (31.3.2018: RM4,037,662) and RM3,025,319 (31.3.2018: RM3,088,186) respectively are charged as securities for bank borrowings granted (see Note 17).

#### 4. INVESTMENT PROPERTIES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
<b>Cost</b>				
At beginning/end of year	2,262,959	2,262,959	2,538,367	2,538,367
<b>Depreciation</b>				
At beginning of year	523,950	481,193	583,771	537,714
Depreciation for the year	42,758	42,757	46,058	46,057
At end of year	566,708	523,950	629,829	583,771
<b>Carrying amounts</b>				
At end of year	1,696,251	1,739,009	1,908,538	1,954,596
Included in the above are:				
Freehold land	51,189	51,189	235,495	235,495
Buildings	1,645,062	1,687,820	1,673,043	1,719,101
	1,696,251	1,739,009	1,908,538	1,954,596
<b>Fair value</b>				
At end of year	5,680,974	5,680,974	6,740,000	6,740,000

Investment properties comprise a number of commercial properties that are leased to third parties and car park lots. Each of the leases contains an initial non-cancellable period of 3 years. Subsequent renewals will be negotiated with the lessee and on average the renewal periods are 3 years. No contingent rents are charged.

##### Assets held in trust

Investment properties of the Company amounting to RM314,695 (31.3.2018: RM317,995) are held in trust by a group entity.

##### Securities

Investment properties of the Group and the Company amounting to RM1,593,843 (31.3.2018: RM1,636,601) have been charged as securities for bank borrowings granted (see Note 17).

##### Transactions recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Rental income	21,600	20,800	52,800	52,000
Other income	60,017	62,581	60,017	62,581
	81,617	83,381	112,817	114,581
Direct operating expenses:				
- income generating investment properties	1,241	1,241	3,972	3,972

#### 4. INVESTMENT PROPERTIES (CONT'D)

##### Fair value information

Fair value of investment properties are categorised as Level 3 fair value. Level 3 fair value of warehouse land and buildings have been generally derived using independent valuation performed by external independent valuer. The basis of this valuation is the sales comparison approach whereby sales price of comparable warehouse land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

#### 5. INTANGIBLE ASSETS

Group	Goodwill RM	Concession assets RM	Total RM
<b>Cost</b>			
At 1 April 2017	16,776,492	15,039,843	31,816,335
Additions	-	364,960	364,960
At 31 March 2018/1 April 2018/31 March 2019	16,776,492	15,404,803	32,181,295
<b>Amortisation</b>			
At 1 April 2017	-	(4,273,994)	(4,273,994)
Amortisation for the year	-	(630,160)	(630,160)
At 31 March 2018/1 April 2018	-	(4,904,154)	(4,904,154)
Amortisation for the year	-	(630,160)	(630,160)
At 31 March 2019	-	(5,534,314)	(5,534,314)
<b>Impairment loss</b>			
At 1 April 2017	(628,228)	(1,403,807)	(2,032,035)
Impairment losses	(966,065)	(537,901)	(1,503,966)
At 31 March 2018/1 April 2018	(1,594,293)	(1,941,708)	(3,536,001)
Impairment losses	(5,585,730)	(583,450)	(6,169,180)
At 31 March 2019	(7,180,023)	(2,525,158)	(9,705,181)
<b>Carrying amounts</b>			
At 1 April 2017	16,148,264	9,362,042	25,510,306
At 31 March 2018/1 April 2018	15,182,199	8,558,941	23,741,140
At 31 March 2019	9,596,469	7,345,331	16,941,800
	Note 5.1	Note 5.2	

##### 5.1 Impairment testing for cash-generating units containing goodwill

###### Allocation of goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level of cash-generating units within the Group at which the goodwill is monitored for internal management purposes.



## 5. INTANGIBLE ASSETS (CONT'D)

### 5.1 Impairment testing for cash-generating units containing goodwill (cont'd)

#### Allocation of goodwill (cont'd)

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

	Note	Group	
		31.3.2019	31.3.2018
		RM	RM
Property development			
Ipoh	5.1.1	-	4,105,067
Penang	5.1.1	2,320,967	2,320,967
Johor	5.1.1	5,288,485	5,288,485
Operation of concession assets	5.1.2	1,987,017	3,467,680
		9,596,469	15,182,199

#### 5.1.1 Property development

The recoverable amounts of the property development cash-generating units in Ipoh, Penang and Johor were estimated based on their value in use, determined by discounting future cash flows to be generated from the development properties in the respective cash-generating units. The same method has been used in the previous financial year in respect of property development cash-generating units in Penang and Johor. The recoverable amount for property development cash generating unit in Ipoh was estimated based on fair value less costs of disposals in prior year.

No impairment loss was recognised in respect of the property development cash-generating units located in Penang and Johor.

Value in use was determined by discounting the future cash flows expected to be generated from the development properties based on the following key assumptions:

- Cash flows were projected based on the gross development profits expected to be derived from the approved development plan over the development period of 5 to 9 years (31.3.2018: 5 to 9 years).
- The gross development profit margins were expected to be ranging from 16% to 32% (31.3.2018: 16% to 38%).
- A pre-tax discount rate of 10% (31.3.2018: 8%) was applied in determining the recoverable amount of the units.

During the year, the Group has fully impaired the goodwill allocated to the property development cash generating unit in Ipoh of RM4,105,067 given that the Group does not expect the cash generating unit to be able to generate sufficient future cash flows to support the goodwill allocated.

The values assigned to the key assumptions represent management's assessment of future trends in the property development industry and are determined based on both external sources and internal sources (historical data).

The above estimates are not sensitive to the impairment testing for the property development cash-generating units.

## 5. INTANGIBLE ASSETS (CONT'D)

### 5.1 Impairment testing for cash-generating units containing goodwill (cont'd)

#### 5.1.2 Operation of concession assets

The recoverable amount of the operation of concession assets cash-generating unit was estimated based on their value in use, determined by discounting future cash flows to be generated from the operation of concession assets.

Value in use was determined by discounting the future cash flows expected to be generated from the operation of concession assets cash-generating unit over the remaining concession period of 9 to 22 years (31.3.2018: 10 to 23 years) based on the following key assumptions:

- Cash flows were projected based on past rental received and actual operating results.
- Rental is expected to be derived from 20% to 95% tenant take-up rate (31.3.2018: 95% tenant take-up rate attained latest by April 2020). Rental is also anticipated to grow by up to 10% every 5 years (31.3.2018: 5% every 2 years).
- A pre-tax discount rate of 10% (31.3.2018: 8%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the industry weight average cost of capital, adjusted for the risk premium associated to the assets.

The same method has been used in the previous financial year. The carrying amount of the cash-generating unit, comprising goodwill and net assets, amounting to RM10,813,011 was determined to be higher than its recoverable amount of RM9,332,348 and an impairment loss of RM1,480,663 (31.3.2018: RM966,065) was recognised during the year. The impairment loss was allocated fully to goodwill, and was included in administrative expenses.

The values assigned to the key assumptions represent management's assessment of future trends in the operation of concession assets and are determined based on both external sources and internal sources (historical data).

The above estimates are particularly sensitive in the following cases:

- An increase of 1% (31.3.2018: 1%) in the discount rate used would have increased the impairment loss by RM1,926,707 (31.3.2018: RM504,795).
- A 5% (31.3.2018: 5%) decrease in future annual rental income due to decrease in tenant take-up rate or annual rental growth would have increased the impairment loss by RM2,008,563 (31.3.2018: RM645,131).

### 5.2 Concession assets

Concession assets relate to rights to use land owned by the local authorities granted to the Group in agreements to build, operate and transfer ("BOT") commercial properties on the said land between the Group and the local authorities. Under these agreements, the Group has the right to collect rental income from the operation of these commercial properties over the concession period of 20 to 30 years. Upon expiry of the agreement, the commercial properties will be transferred to the local authorities, unless extensions are granted.

In the event that the local authorities intend to re-develop, privatise or sell the commercial properties upon expiry of the concession period, the Group has the first right of refusal to participate.

#### 5.2.1 Impairment loss on certain concession assets

Certain concession assets of the Group with carrying amount of RM378,869 (31.3.2018: RM1,197,417) were rented out at reduced rental rates in prior year and were impaired.

## 5. INTANGIBLE ASSETS (CONT'D)

### 5.2 Concession assets (cont'd)

#### 5.2.1 Impairment loss on certain concession assets (cont'd)

Management had estimated the recoverable amount of these concession assets in prior year and recorded an impairment loss. The recoverable amount of these concession assets was estimated based on value in use method then. Following changes to some of the tenancies of the concession assets in 2019, the Group reassessed its estimates and recognised additional impairment loss. The recoverable amount of these concession assets and the impairment loss allocated are as follow:

	Group	
	31.3.2019	31.3.2018
	RM	RM
Recoverable amount of concession assets	390,603	1,218,922
Impairment loss recognised in administrative expenses on concession assets	583,450	537,901

Value in use was determined using the same basis and key assumptions as disclosed in Note 5.1.2 over the remaining concession period of the concession assets of 12 years (31.3.2018: 13 years).

The values assigned to the key assumptions represent management's assessment of future trends in the operation of concession assets and are determined based on both external sources and internal sources (historical data).

Following the impairment in these concession assets, the carrying amount is marginally below its recoverable amount. Therefore, any adverse change in a key assumption may result in a further impairment loss.

The above estimates are particularly sensitive in the following cases:

- An increase of 1% (31.3.2018: 1%) in the discount rate used would have increased the impairment loss by RM7,032 (31.3.2018: RM48,350).
- A 5% (31.3.2018: 5%) decrease in future annual rental income due to decrease in tenant take-up rate or annual rental growth would have increased the impairment loss by RM106,668 (31.3.2018: RM150,669).

## 6. INVESTMENTS IN SUBSIDIARIES

Company	2019	2018
	RM	RM
<b>Cost</b>		
Unquoted shares	175,931,845	125,946,040
<b>Impairment loss</b>		
At beginning of year	854,894	854,894
Impairment loss	7,123,110	-
At end of year	7,978,004	854,894
<b>Carrying amount</b>		
At beginning of year	125,091,146	125,091,146
At end of year	167,953,841	125,091,146

## 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

### Impairment loss

During the year, the Company recognised full impairment loss in respect of an investment in a subsidiary as the subsidiary is continuously loss making and is having a deficit in shareholders' fund and the Group has determined the recoverable amount to be nil.

### Details of subsidiaries

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			31.3.2019	31.3.2018
			%	%
Yoon Lian Realty Sendirian Berhad	Malaysia	Property development and acting as construction contractors	100	100
Daya Niaga Sdn. Bhd.	Malaysia	Trading of building materials	100	100
Grandeur Park Sdn. Bhd.	Malaysia	Property development	100	100
Prisma Pelangi Sdn. Bhd.	Malaysia	Property development	100	100
Agro-Mod Industries Sdn. Bhd.	Malaysia	Property development and provision of management services	100	100
Tinggian Development Sendirian Berhad	Malaysia	Provision of management services and property development	100	100
Pembinaan Hua Yang Sdn. Bhd.	Malaysia	Building contractor	100	100
Johanjana Corporation Sdn. Bhd.	Malaysia	Operation of commercial properties under the "build, operate and transfer" agreements with local authorities	100	100
Bison Holdings Sdn. Bhd.	Malaysia	Property development	100	100
Prop Park Sdn. Bhd.	Malaysia	Property development	100	100
Sunny Mode Sdn. Bhd.	Malaysia	Property development	100	100
G Land Development Sdn. Bhd.	Malaysia	Property development	100	100
Grand View Realty Sdn. Bhd.	Malaysia	Property development	100	100
Huayang Ventures Sdn. Bhd.	Malaysia	Operating of restaurant	100 ^	-
Kajang Heights Development Sdn. Bhd.	Malaysia	Property development	70 #	-

^ Incorporated in August 2018 (see Note 34.2).

# Acquired 100% equity interest in May 2018 (see Note 31). Disposed 30% equity interest in October 2018 (see Note 34.3).

## 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

### Details of subsidiaries (cont'd)

The Group's subsidiary that has material non-controlling interests ("NCI") is as follows:

Group	Kajang Heights Development Sdn. Bhd. 31.3.2019	
	RM	
NCI percentage of ownership interest and voting interest	30%	
Carrying amount of NCI	22,577,713	
Loss allocated to NCI	(239,729)	
<b>Summarised financial information before intra-group elimination</b>		
<b>As at 31 March</b>		
Non-current assets	818,296	
Current assets	142,844,609	
Non-current liabilities	(67,878,442)	
Current liabilities	(525,418)	
Net assets	75,259,045	
<b>Year end 31 March</b>		
Loss from continuing operations	(639,507)	
Cash flows from operating activities	(494,907)	
Cash flows from investing activities	-	
Cash flows from financing activities	523,044	
Net increase in cash and cash equivalents	28,137	

## 7. INVESTMENT IN AN ASSOCIATE

	Group	
	31.3.2019	31.3.2018
	RM	RM
At cost:		
Quoted shares in Malaysia	190,708,202	190,708,202
Share of post-acquisition reserves	(22,269,000)	(1,268,000)
Impairment loss	(7,930,896)	-
	160,508,306	189,440,202
Market value:		
Quoted shares in Malaysia	91,572,047	110,092,236

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			31.3.2019	31.3.2018
			%	%
Magna Prima Berhad ("MPB")	Malaysia	Investment holding and provision of management services	30.95	30.95

## 7. INVESTMENT IN AN ASSOCIATE (CONT'D)

The statutory financial year end of MPB was 31 December which is not coterminous with the financial year end of the Group. For the purpose of applying the equity method of accounting for MPB, with financial year end of 31 December, the last audited financial statements available, made up to a period of no more than 3 months difference from the Group's financial year end have been used. Management has assessed that this would be the most practical method of applying the equity method of accounting for MPB.

### Impairment loss

During the year, the Group has recognised impairment loss in respect of the investment in the associate as the associate has reported significant losses and its recoverable amount, estimated using fair value less cost to sell, is lower than its carrying amount. The impairment loss was included in administrative expenses.

The fair value of the investment in the associate is determined based on level 3 fair value using the net assets value of the associate, which is the most significant input.

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

Group	Magna Prima Berhad	
	31.3.2019 RM	31.3.2018 RM
<b>Summarised financial information</b>		
<b>As at 31 December/31 March</b>		
Non-current assets	592,008,643	616,002,502
Current assets	302,562,143	351,059,187
Non-current liabilities	(161,089,931)	(142,155,079)
Current liabilities	(205,713,662)	(227,825,920)
Net assets	527,767,193	597,080,690
<b>Year end 31 December</b>		
(Loss)/Profit from continuing operations	(55,250,896)	7,590,789
Other comprehensive income	(14,062,601)	(4,707,776)
Total comprehensive income	(69,313,497)	2,883,013
<b>Included in the total comprehensive income is:</b>		
Revenue	33,123,218	98,902,560
<b>Reconciliation of net assets as at 31 December to carrying amount as at 31 March</b>		
Group's share of net assets	162,530,202	183,531,202
Goodwill	5,909,000	5,909,000
Impairment loss	(7,930,896)	-
Carrying amount in the statement of financial position	160,508,306	189,440,202
<b>Group's share of results for the year ended 31 March</b>		
Group's share of profit or loss from continuing operations	(16,649,000)	1,313,000
Group's share of other comprehensive expense	(4,352,000)	(2,581,000)
Group's share of total comprehensive expense	(21,001,000)	(1,268,000)

## 8. INVENTORIES

	Group				Company			
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017	31.3.2018	1.4.2017
	RM	RM	RM	RM	RM	RM	RM	RM
<b>Non-current</b>								
Land held for future development	478,626,857	455,574,695	442,600,038	6,702,085	6,702,085	6,654,385		
<b>Current</b>								
Developed properties	58,023,141	105,507,683	39,629,017	251,338	251,338	251,338		
Development properties	280,418,066	221,719,828	258,886,460	32,073	312,701	636,741		
	338,441,207	327,227,511	298,515,477	283,411	564,039	888,079		
	817,068,064	782,802,206	741,115,515	6,985,496	7,266,124	7,542,464		
Inventories pledged as securities for bank borrowings (Note 17)								
- Land held for future development	362,233,228	317,242,776	401,526,230	2,761,348	2,527,396	2,527,396		
- Developed properties	13,687,266	33,774,324	18,403,617	-	-	-		
- Development properties	146,438,626	136,355,494	177,157,738	-	-	-		
	522,359,120	487,372,594	597,087,585	2,761,348	2,527,396	2,527,396		
Recognised in profit or loss:								
- inventories recognised as costs of sales	81,958,529	16,915,817	20,739,496	-	-	-		

Management is of the view that the expected net realisable value for the inventories are above their carrying amounts, hence these inventories have not been written down. The expected net realisable value is determined after considering recent transacted prices for the developed properties, volume and pricing of other development within the vicinity and also the current and future market conditions in the property development industry.

9. TRADE AND OTHER RECEIVABLES

Note	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	RM	RM	RM	RM	RM	RM
<b>Non-current</b>						
<b>Trade</b>						
Trade receivables	780,000	746,244	616,159	-	-	-
<b>Non-trade</b>						
Other receivables	3,218,498	2,863,345	1,991,858	-	-	-
Refundable deposits	4,390,258	5,143,661	3,982,139	75,353	63,720	62,720
Allowance for impairment loss	7,608,756	8,007,006	5,973,997	75,353	63,720	62,720
	-	-	(17,288)	-	-	-
	7,608,756	8,007,006	5,956,709	75,353	63,720	62,720
	8,388,756	8,753,250	6,572,868	75,353	63,720	62,720
<b>Current</b>						
<b>Trade</b>						
Trade receivables	28,782,589	42,397,316	42,380,243	-	-	53,064
Allowance for impairment loss	(475,342)	(458,318)	(31,041)	-	-	(16,636)
	28,307,247	41,938,998	42,349,202	-	-	36,428
<b>Non-trade</b>						
Amounts due from subsidiaries	-	-	-	403,860,857	385,128,469	351,034,187
Goods and Services Tax receivables	2,003,770	1,700,357	945,679	243,038	290,396	283,512
Other receivables	8,176,659	6,098,394	6,335,852	385,167	330,931	317,527
Refundable deposits	4,657,574	24,770,708	3,355,033	3,474,278	23,081,330	67,370
	14,838,003	32,569,459	10,636,564	407,963,340	408,831,126	351,702,596
	43,145,250	74,508,457	52,985,766	407,963,340	408,831,126	351,739,024
	51,534,006	83,261,707	59,558,634	408,038,693	408,894,846	351,801,744



## 9. TRADE AND OTHER RECEIVABLES (CONT'D)

### Note a

Non-current trade receivables are retention sum receivables. The retention sum receivables are unsecured, interest-free and are expected to be collected within 2 years (31.3.2018: 2 years; 1.4.2017: 2 years).

### Note b

The amounts due from subsidiaries are unsecured, subject to interest rate at 3.2% (31.3.2018: 3.05%; 1.4.2017: 3.04%) per annum and repayable on demand.

### Note c

Goods and Services Tax ("GST") receivables refer to the returns due from the Royal Malaysian Custom Department in relation to input tax paid by the Group.

### Note d

At 1 April 2017, included in other receivables of the Group is cost recoverable from subcontractors amounting to RM3,207,641.

### Note e

At 31 March 2018, included in current refundable deposits of the Group and the Company are deposits for acquisition of a subsidiary amounting to RM21,000,000. The acquisition was completed during the year (see Note 31).

At 1 April 2017, included in current refundable deposits of the Group was deposit for acquisition of land amounting to RM584,000. The acquisition was completed in 2018.

10. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		31.3.2019 RM	31.3.2018 RM	31.3.2019 RM	31.3.2018 RM
<b>Non-current</b>					
Deposits placed with licensed banks		3,275,841	3,187,883	569,456	552,333
<b>Current</b>					
Cash in hand and at bank		9,975,515	9,636,552	2,559,372	309,612
Housing Development Accounts		6,611,740	6,643,608	-	-
Cash and bank balances		16,587,255	16,280,160	2,559,372	309,612
		19,863,096	19,468,043	3,128,828	861,945
Cash and bank balances pledged to licensed banks as securities for bank borrowings granted	17	3,275,841	3,187,883	569,456	552,333

The Housing Development Accounts ("HDA") are held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use for other operations.

## 11. DEFERRED TAX ASSETS/(LIABILITIES)

The recognised deferred tax assets and (liabilities) before off-setting are as follows:

Group	Assets				Liabilities				Net	
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017	1.4.2017
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Inventories	6,071,477	-	-	(37,294,087)	(20,225,147)	(20,129,186)	(31,222,610)	(20,225,147)	(20,129,186)	(20,129,186)
Property, plant and equipment	-	-	-	(945,370)	(384,278)	(327,666)	(945,370)	(384,278)	(327,666)	(327,666)
Unutilised tax losses	8,639,795	6,817,709	4,572,593	-	-	-	8,639,795	6,817,709	4,572,593	4,572,593
Unabsorbed capital allowance	1,962,304	1,666,411	1,403,655	-	-	-	1,962,304	1,666,411	1,403,655	1,403,655
Others	-	9,041,438	8,781,259	(1,071,470)	(1,801,001)	(998,602)	(1,071,470)	7,240,437	7,782,657	7,782,657
Tax assets/(liabilities)	16,673,576	17,525,558	14,757,507	(39,310,927)	(22,410,426)	(21,455,454)	(22,637,351)	(4,884,868)	(6,697,947)	(6,697,947)
Set-off of tax	(1,717,780)	(2,403,811)	(1,810,113)	1,717,780	2,403,811	1,810,113	-	-	-	-
Net deferred tax assets/(liabilities)	14,955,796	15,121,747	12,947,394	(37,593,147)	(20,006,615)	(19,645,341)	(22,637,351)	(4,884,868)	(6,697,947)	(6,697,947)
<b>Company</b>										
Property, plant and equipment	-	-	-	(231,609)	(258,366)	(226,267)	(231,609)	(258,366)	(226,267)	(226,267)
Unutilised tax losses	1,946,148	1,946,148	1,946,148	-	-	-	1,946,148	1,946,148	1,946,148	1,946,148
Unabsorbed capital allowance	544,089	543,153	444,700	-	-	-	544,089	543,153	444,700	444,700
Tax assets/(liabilities)	2,490,237	2,489,301	2,390,848	(231,609)	(258,366)	(226,267)	2,258,628	2,230,935	2,164,581	2,164,581
Set-off of tax	(231,609)	(258,366)	(226,267)	231,609	258,366	226,267	-	-	-	-
Net deferred tax assets	2,258,628	2,230,935	2,164,581	-	-	-	2,258,628	2,230,935	2,164,581	2,164,581

Unutilised tax losses of RM25,621,303 (31.3.2018: RM20,730,624; 1.4.2017: RM10,833,308), arising from group entities that were loss making, were recognised as deferred tax assets as management considered it probable that future taxable profits will be available against which they can be utilised when these group entities commence property development activity.

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

Movement in temporary differences during the year

Group	At 1.4.2017		Recognised in profit or loss (Note 23)		At 31.3.2018/ 1.4.2018		Acquisition from business combination (Note 31)		Recognised in profit or loss (Note 23)		At 31.3.2019	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Inventories	(20,129,186)	(95,961)	(20,225,147)	(19,364,046)	8,366,583	(31,222,610)						
Property, plant and equipment	(327,666)	(56,612)	(384,278)	-	(561,092)	(945,370)						
Unutilised tax losses	4,572,593	2,245,116	6,817,709	-	1,822,086	8,639,795						
Unabsorbed capital allowance	1,403,655	262,756	1,666,411	-	295,893	1,962,304						
Others	7,782,657	(542,220)	7,240,437	-	(8,311,907)	(1,071,470)						
Net deferred tax assets/(liabilities)	(6,697,947)	1,813,079	(4,884,868)	(19,364,046)	1,611,563	(22,637,351)						
<b>Company</b>												
Property, plant and equipment	(226,267)	(32,099)	(258,366)	-	26,757	(231,609)						
Unutilised tax losses	1,946,148	-	1,946,148	-	-	1,946,148						
Unabsorbed capital allowance	444,700	98,453	543,153	-	936	544,089						
Net deferred tax assets	2,164,581	66,354	2,230,935	-	27,693	2,258,628						

## 12. CONTRACT WITH CUSTOMERS

### 12.1 Contract assets/(liabilities)

	Group		
	31.3.2019	31.3.2018	1.4.2017
	RM	RM	RM
Contract assets	70,117,601	50,117,820	76,898,761
Contract liabilities	(26,148,539)	(1,355,482)	(4,832,666)

The contract assets primarily relate to the Group's rights to consideration for work completed on contracts with property buyers but not yet billed at the reporting date. The amount will be billed on achievement of billing milestone as per the contract.

The contract liabilities primarily relate to the consideration received in advance from customers for contracts with property buyers, which revenue is recognised over time during the development of the properties. The contract liabilities are expected to be recognised as revenue in the next financial year.

Significant changes to contract assets and contract liabilities balances during the period are as follows:

	Group	
	2019	2018
	RM	RM
Contract liabilities at the beginning of the period recognised as revenue	1,355,482	4,832,666

### 12.2 Contract costs

	Group		
	31.3.2019	31.3.2018	1.4.2017
	RM	RM	RM
Cost to obtain a contract	3,921,335	2,360,289	1,963,584
Cost to fulfil a contract	20,325,266	16,425,004	9,272,839
	24,246,601	18,785,293	11,236,423

#### Cost to obtain a contract

Cost to obtain a contract primarily comprises incremental commission fees paid to intermediaries as a result of obtaining contracts and they are recoverable.

Capitalised commission fees are amortised when the related revenues are recognised. During the financial year, the amount of amortisation was RM6,147,545 (2018: RM3,334,069).

#### Cost to fulfil a contract

Cost to fulfil a contract primarily comprises carrying amount of inventories in relation to contracts with customers. During the financial year, the amount of amortisation was RM123,368,077 (2018: RM147,297,405).

### 13. OTHER CURRENT ASSETS

	Group		Company	
	31.3.2019 RM	31.3.2018 RM	31.3.2019 RM	31.3.2018 RM
Prepaid operating expenses	547,637	311,494	222,406	215,720
		890,937		425,891

### 14. SHARE CAPITAL

	Group and Company	
	Number of shares 31.3.2019	Number of shares 31.3.2018
Issued and fully paid shares classified as equity instruments		
Ordinary shares:		
At beginning and end of year	352,000,000	352,000,000

#### Ordinary shares

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.

### 15. RESERVES

#### Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 March 2019 and 31 March 2018 under the single tier system, provided that the Company remains solvent immediately after the distribution is made.

#### Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations of the Group's associate.

16. TRADE AND OTHER PAYABLES

	Note	Group			Company		
		31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
		RM	RM	RM	RM	RM	RM
<b>Non-current</b>							
<b>Trade</b>							
Trade payables	a	6,492,341	18,691,232	13,531,690	-	-	-
<b>Non-trade</b>							
Refundable deposits		48,690	296,328	90,951	-	-	-
		6,541,031	18,987,560	13,622,641	-	-	-
<b>Current</b>							
<b>Trade</b>							
Trade payables		116,860,021	114,962,847	112,929,928	-	-	-
<b>Non-trade</b>							
Amounts due to subsidiaries	b	-	-	-	138,375,156	42,070,923	33,451,034
Accrued operating expenses		13,439,800	12,487,398	8,319,598	1,468,853	1,599,491	2,511,654
Dividend payable		-	-	7,040,000	-	-	7,040,000
Other payables		5,402,772	4,657,078	6,820,468	253,300	229,269	352,595
Goods and Services Tax payables	c	575,327	606,586	720,183	-	-	-
Refundable deposits		1,336,683	1,331,413	838,366	5,400	5,400	4,448
		20,754,582	19,082,475	23,738,615	140,102,709	43,905,083	43,359,731
		137,614,603	134,045,322	136,668,543	140,102,709	43,905,083	43,359,731
		144,155,634	153,032,882	150,291,184	140,102,709	43,905,083	43,359,731

**Note a**

Non-current trade payables are retention sums which are payable upon the expiry of the defects liability period.

**Note b**

The amounts due to subsidiaries are unsecured, subject to interest rate at 3.2% (31.3.2018: 3.05%; 1.4.2017: 3.04%) per annum and repayable on demand.

**Note c**

Goods and Services Tax ("GST") payables refer to the returns due to the Royal Malaysian Custom Department in relation to output tax received by the Group.

## 17. LOANS AND BORROWINGS

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	RM	RM	RM	RM	RM	RM
<b>Non-current</b>						
Secured:						
Bridging loan	38,114,001	26,197,462	6,667,425	-	-	-
Sukuk Murabahah	26,178,000	46,628,000	39,700,000	26,178,000	46,628,000	39,700,000
Term loans	188,246,972	150,279,557	145,086,649	11,675,000	29,187,000	40,980,000
Revolving loans	20,250,000	7,000,000	-	20,250,000	7,000,000	-
Islamic cash line facility	37,776,205	-	-	37,776,205	-	-
Finance lease liabilities	57,456	-	-	57,456	-	-
	310,622,634	230,105,019	191,454,074	95,936,661	82,815,000	80,680,000
<b>Current</b>						
Secured:						
Bridging loan	-	9,024,484	-	-	-	-
Sukuk Murabahah	2,636,000	-	-	2,636,000	-	-
Term loans	38,043,818	103,888,909	28,931,340	6,539,667	15,000,000	5,040,000
Revolving loans	35,750,000	83,000,000	58,000,000	35,750,000	43,000,000	18,000,000
Bank overdrafts	15,980,243	15,802,074	-	10,961,433	11,991,600	-
Finance lease liabilities	49,703	-	-	49,703	-	-
	92,459,764	211,715,467	86,931,340	55,936,803	69,991,600	23,040,000
	403,082,398	441,820,486	278,385,414	151,873,464	152,806,600	103,720,000

### Securities

The Group's and Company's secured bridging loan, Sukuk Murabahah, term loans, revolving loans, Islamic cash line facility and bank overdrafts are secured by the following:

- legal charge over property, plant and equipment (Note 3), investment properties (Note 4), inventories (Note 8) and deposits placed with licensed banks (Note 10); and
- corporate guarantee by the Company.

### Finance lease liabilities

Finance lease liabilities are payable as follows:

	31.3.2019		
	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
<b>Group and Company</b>			
Less than one year	56,078	6,375	49,703
Between one and five years	65,424	7,968	57,456
	121,502	14,343	107,159



## 17. LOANS AND BORROWINGS (CONT'D)

Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1.4.2017 RM	Drawdown of loans and borrowings RM	Repayment of loans and borrowings RM	At 31.3.2018/ 1.4.2018 RM	Acquisition of new lease RM	Drawdown of loans and borrowings RM	Repayment of loans and borrowings RM	At 31.3.2019 RM
<b>Group</b>								
Bridging loan	6,667,425	40,197,462	(11,642,941)	35,221,946	-	48,028,463	(45,136,408)	38,114,001
Sukuk Murabahah	39,700,000	13,000,000	(6,072,000)	46,628,000	-	-	(17,814,000)	28,814,000
Term loans	174,017,989	135,000,000	(54,849,523)	254,168,466	-	178,790,000	(206,667,676)	226,290,790
Revolving loans	58,000,000	59,000,000	(27,000,000)	90,000,000	-	6,000,000	(40,000,000)	56,000,000
Islamic cash line facility	-	-	-	-	-	40,000,000	(2,223,795)	37,776,205
Finance lease liabilities	-	-	-	-	149,110	-	(41,951)	107,159
Total liabilities from financing activities	278,385,414	247,197,462	(99,564,464)	426,018,412	149,110	272,818,463	(311,883,830)	387,102,155
<b>Company</b>								
Sukuk Murabahah	39,700,000	13,000,000	(6,072,000)	46,628,000	-	-	(17,814,000)	28,814,000
Term loans	46,020,000	15,000,000	(16,833,000)	44,187,000	-	47,000,000	(72,972,333)	18,214,667
Revolving loans	18,000,000	44,000,000	(12,000,000)	50,000,000	-	6,000,000	-	56,000,000
Islamic cash line facility	-	-	-	-	-	40,000,000	(2,223,795)	37,776,205
Finance lease liabilities	-	-	-	-	149,110	-	(41,951)	107,159
Total liabilities from financing activities	103,720,000	72,000,000	(34,905,000)	140,815,000	149,110	93,000,000	(93,052,079)	140,912,031

## 18. REVENUE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from contracts with customers	271,550,160	225,580,087	4,738,270	4,488,510
<b>Other revenue</b>				
- Dividend income	-	-	6,150,000	11,000,000
- Rental income	970,250	1,776,635	-	-
	970,250	1,776,635	6,150,000	11,000,000
	272,520,410	227,356,722	10,888,270	15,488,510

### 18.1 Disaggregation of revenue from contracts with customers

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Major products and services</b>				
Sales of development properties	149,223,500	197,710,584	1,093,720	1,262,910
Sales of developed properties	116,758,883	27,869,503	-	-
Sales of land	5,314,444	-	-	-
Trading of building materials	115,104	-	-	-
Operating of restaurant	138,229	-	-	-
Management fee	-	-	3,644,550	3,225,600
	271,550,160	225,580,087	4,738,270	4,488,510
<b>Timing and recognition</b>				
At a point in time	122,326,660	27,869,503	-	-
Over time	149,223,500	197,710,584	4,738,270	4,488,510
	271,550,160	225,580,087	4,738,270	4,488,510

## 18. REVENUE (CONT'D)

### 18.2 Nature of goods and services

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Sales of development properties	Revenue is recognised over time using the cost incurred method. Development properties sold to customers typically do not have alternative use and the Company have rights to payment for work performed.	Based on milestone progress billings submitted to customers which are approved by accredited architect, which is subjected to a credit period of 30 days.	Not applicable	Not applicable	The Company is required to fulfil warranty obligation over defect liability period of 2 years from the handover of properties to the customers.
Sales of developed properties	Revenue is recognised when right to pledge the developed properties is given to the customer.	Based on progress billings, which is subjected to 30 days credit period, with 10% payable upon signing of contract and remaining 90% billable 3 months from date of signing of contract.	Not applicable	Not applicable	Not applicable
Sales of land	Revenue is recognised when vacant possession of the land is handed over to the customers.	Based on progress billings, which is subjected to 30 days credit period, with 10% payable upon signing of contract and remaining 90% billable 3 months from date of signing of contract.	Not applicable	Not applicable	Not applicable
Trading of building materials	Revenue is recognised when the goods are delivered and accepted by customers at their premises.	Credit period of 30 days from invoice date.	Not applicable	Not applicable	Not applicable
Operating of restaurant	Revenue is recognised when food and beverages are served.	No credit term is given.	Not applicable	Not applicable	Not applicable
Management fee	Revenue is recognised over time as and when management services are performed.	Credit period of 30 days from invoice date.	Not applicable	Not applicable	Not applicable

## 18. REVENUE (CONT'D)

### 18.3 Transaction price allocated to the remaining performance obligations

Transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date of RM143,102,625 are expected to be recognised as revenue progressively over the financial years 2020 to 2021.

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

### 18.4 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

- For revenue recognised over time using the cost incurred method, the Group measured the performance of work done by comparing the actual costs incurred with the estimated total costs required to complete the work. Significant judgements are required to estimate the total contract costs to complete. In making these estimates, management relied on professionals' estimates and also on past experience of completed developed properties. A change in the estimates will directly affect the revenue to be recognised.
- For revenue recognised in respect of contracts with customers who are not supported by end-financiers, the Group has assessed and determined that collectability of the consideration from these customers is probable. In making this judgement, the Group has considered the trend of collections from these customers and the general background of these customers.

## 19. OTHER INCOME

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest income of financial assets calculated using the effective interest method that are at amortised cost:				
- interest income	454,703	475,304	12,830,390	9,650,096
- accrete interest from financial assets	255,262	337,433	405	-
	709,965	812,737	12,830,795	9,650,096
Bargain purchase gain (Note 31)	6,427,925	-	-	-
Deposits forfeited	283,479	36,477	-	-
Gain on disposal of property, plant and equipment	757	-	238	-
Rental income:				
- investment properties	21,600	20,800	52,800	52,000
- others	433,725	471,200	-	-
Reversal of impairment loss on trade receivables	2,841	20,157	-	16,636
Sundry income	219,852	296,127	60,179	89,377
	8,100,144	1,657,498	12,944,012	9,808,109

## 20. RESULTS FROM OPERATING ACTIVITIES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Results from operating activities are arrived at after charging:				
Auditors' remuneration				
- Statutory audit	341,000	326,000	103,000	103,000
- Non-audit fees				
- assurance related	147,000	63,000	115,600	15,000
<b>Material expense/(income)</b>				
Amortisation of concession assets	630,160	630,160	-	-
Depreciation:				
- investment properties	42,758	42,757	46,058	46,057
- property, plant and equipment	2,065,255	1,166,802	509,345	613,768
Employee benefits expenses (including key management personnel) (Note 22)	11,201,398	11,171,070	3,725,573	3,621,851
Bargain purchase gain (Note 31)	(6,427,925)	-	-	-
Impairment loss:				
- amount due from subsidiaries	-	-	42,783,009	-
- concession assets	583,450	537,901	-	-
- goodwill	5,585,730	966,065	-	-
- investment in a subsidiary	-	-	7,123,110	-
- investment in associate	7,930,896	-	-	-
- trade receivables	19,865	447,434	-	-
Non-Executive Directors' remuneration	723,473	702,455	673,115	686,600
Property, plant and equipment written off	10,582	19,888	-	-
Rental of:				
- properties	184,350	187,560	-	-
- office equipment	671,165	504,010	291,702	283,884
- premises	474,793	720,694	-	-

## 21. FINANCE COSTS

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Interest expense on financial liabilities:				
- bank overdrafts	1,250,728	714,215	792,901	578,255
- bank loans	27,637,319	22,152,023	11,033,266	4,515,846
- finance lease liabilities	6,080	-	6,080	-
- intercompany loan	-	-	2,272,676	750,617
- other financial liabilities carried at amortised cost	1,411,571	724,065	-	-
	30,305,698	23,590,303	14,104,923	5,844,718
Capitalised on qualifying assets - Inventories	(10,138,925)	(9,257,748)	-	-
Recognised in profit or loss	20,166,773	14,332,555	14,104,923	5,844,718

## 22. EMPLOYEE BENEFITS EXPENSE AND KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries and bonus	9,761,414	9,753,296	3,290,800	3,179,451
EIS contributions	11,610	2,879	2,823	697
EPF contributions	1,327,123	1,312,273	407,220	416,733
Social security contributions	101,251	102,622	24,730	24,970
	11,201,398	11,171,070	3,725,573	3,621,851

Included in employees' benefits expenses of the Group and the Company is Executive Director's remuneration, excluding benefits-in-kind, amounting to RM872,324 (2018: RM938,938).

The key management personnel compensations are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive Director:				
- Salaries and other emoluments	708,000	683,160	708,000	683,160
- EIS contributions	95	24	95	24
- EPF contributions	104,400	112,600	104,400	112,600
- Bonus	59,000	142,325	59,000	142,325
- SOCSO contributions	829	829	829	829
Total Executive Director's remuneration (excluding benefits-in-kind)	872,324	938,938	872,324	938,938
Estimated money value of benefits-in-kind	-	7,200	-	7,200
Total Executive Director's remuneration (including benefits-in-kind)	872,324	946,138	872,324	946,138
Non-Executive Directors:				
- Fees	690,473	675,455	673,115	659,600
- Other emoluments	33,000	27,000	33,000	27,000
Total Non-Executive Directors' remuneration (excluding benefits-in-kind)	723,473	702,455	706,115	686,600
Estimated money value of benefits-in-kind	-	7,200	-	7,200
Total Non-Executive Directors remuneration (including benefits-in-kind)	723,473	709,655	706,115	693,800
Total key management personnel compensation	1,595,797	1,655,793	1,578,439	1,639,938

## 22. EMPLOYEE BENEFITS EXPENSE AND KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2019 RM	2018 RM
<b>Executive director:</b>		
RM850,001 - RM900,000	1	-
RM900,001 - RM950,000	-	1
<b>Non-executive directors:</b>		
RM50,001 - RM100,000	2	2
RM100,001 - RM150,000	3	3
RM150,001 - RM200,000	1	1

### 23. TAX EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Recognised in profit or loss</b>				
<b>Income tax expense</b>				
Current year	10,182,199	8,605,929	102,407	1,314,470
Prior years	87,267	(329,489)	143,281	(700,172)
Total income tax recognised in profit or loss	10,269,466	8,276,440	245,688	614,298
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(1,611,563)	(1,813,079)	(27,693)	(66,354)
Tax expense	8,657,903	6,463,361	217,995	547,944
Share of tax of equity-accounted associate	8,052,287	1,062,000	-	-
	16,710,190	7,525,361	217,995	547,944

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Reconciliation of tax expense</b>				
(Loss)/Profit before tax	(13,811,842)	8,625,452	(51,241,683)	9,906,439
Less: Share of loss/ (profit) of equity- accounted associate, net of tax	16,649,000	(1,313,000)	-	-
Profit/(Loss) excluding share of profit of equity-accounted associate	2,837,158	7,312,452	(51,241,683)	9,906,439
Income tax calculated using Malaysian tax rate of 24%	680,918	1,754,989	(12,298,004)	2,377,545
Non-taxable income	(1,864,481)	(82,162)	(1,476,000)	(2,643,993)
Non-deductible expenses	9,754,199	5,120,023	13,848,718	1,514,564
Under/(Over) provision in prior year - income tax	87,267	(329,489)	143,281	(700,172)
Tax expense	8,657,903	6,463,361	217,995	547,944
Share of tax of equity-accounted associate	8,052,287	1,062,000	-	-
	16,710,190	7,525,361	217,995	547,944



## 24. LOSS/EARNINGS PER ORDINARY SHARE

### Basic loss/earnings per ordinary share

The calculation of basic loss/earnings per ordinary share at 31 March 2019 was based on the loss/profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

Group	2019	2018
RM		
(Loss)/Profit for the financial year attributable to owners of the Company	(22,230,016)	2,162,091
Weighted average number of ordinary shares at 31 March	352,000,000	352,000,000
Sen		
Basic (loss)/earnings per ordinary share	(6.32)	0.61

The Group has no potential ordinary shares in issue as at 31 March 2019 and 31 March 2018. Accordingly, diluted earnings per share is not presented.

## 25. DIVIDENDS

Dividends recognised by the Group and the Company:

	Sen per share	Total amount RM	Date of payment
2018			
Final 2017 ordinary	2.00	7,040,000	18 October 2017

The Directors do not recommend any dividend to be paid for the financial year ended 31 March 2019.

## 26. OPERATING SEGMENTS

The Group has 2 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different business strategies. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") (i.e. the Board of Directors) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

### (i) Property development segment

The property development segment is in the business of constructing and developing residential and commercial properties. This reportable segment has been formed by aggregating the property development operating segment and the investment properties operating segment, which are regarded by management to exhibit similar economic characteristics.

### (ii) Concession assets segment

Concession assets segment is the business of collection of rental over the concession periods from assets held under "build, operate and transfer" agreements.

Other non-reportable segments comprise operations related to trading of building materials and operating of restaurant. None of these segments met the quantitative thresholds for reporting segments in 2019 and 2018.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Group	Property development RM	Concession assets RM	Total RM
<b>2019</b>			
<b>Segment loss</b>	(12,778,886)	(1,873,162)	(14,652,048)
<i>Included in the measure of segment profit/(loss) are:</i>			
Revenue from external customers	271,550,160	970,250	272,520,410
Depreciation and amortisation	(2,108,013)	(630,160)	(2,738,173)
Impairment loss:			
- concession assets	-	(583,450)	(583,450)
- goodwill	(4,105,067)	(1,480,663)	(5,585,730)
- investment in associate	(7,930,896)	-	(7,930,896)
- trade receivables	(19,865)	-	(19,865)
Interest expense	(20,357,308)	(401,858)	(20,759,166)
Interest income	1,093,713	19,379	1,113,092
Reversal of impairment loss on trade receivables	-	2,841	2,841
Share of loss of equity-accounted associate, net of tax	(16,649,000)	-	(16,649,000)
<b>Segment assets</b>	1,203,336,452	11,135,357	1,214,471,809
<i>Included in the measure of segment assets are:</i>			
Additions to non-current assets other than financial instruments and deferred tax assets	26,675,698	-	26,675,698
Investment in an associate	160,508,306	-	160,508,306
<b>Segment liabilities</b>	(616,483,326)	(13,354,863)	(629,838,189)

## 26. OPERATING SEGMENTS (CONT'D)

Group	Property development RM	Concession assets RM	Total RM
<b>2018</b>			
<b>Segment profit/(loss)</b>	9,088,709	(463,257)	8,625,452
<i>Included in the measure of segment profit/(loss) are:</i>			
Revenue from external customers	225,580,087	1,776,635	227,356,722
Depreciation and amortisation	(1,209,559)	(630,160)	(1,839,719)
Impairment loss:			
- concession assets	-	(537,901)	(537,901)
- goodwill	-	(966,065)	(966,065)
- trade receivables	(151,891)	(295,543)	(447,434)
Interest expense	(14,327,819)	(365,268)	(14,693,087)
Interest income	1,152,509	20,760	1,173,269
Reversal of impairment loss on trade receivables	16,636	3,521	20,157
Share of profit of equity-accounted associate, net of tax	1,313,000	-	1,313,000
<b>Segment assets</b>	1,211,549,952	13,272,247	1,224,822,199
<i>Included in the measure of segment assets are:</i>			
Additions to non-current assets other than financial instruments and deferred tax assets	69,883,861	364,960	70,248,821
Investment in an associate	189,440,202	-	189,440,202
<b>Segment liabilities</b>	(615,592,638)	(12,654,887)	(628,247,525)

Group	Interest expense RM	Interest income RM	Segment assets RM	Segment liabilities RM
<b>2019</b>				
Total reportable segment	(20,759,166)	1,113,092	1,214,471,809	(629,838,189)
Other non-reportable segments	(6,252)	195,518	7,056,138	(936,829)
Elimination of inter-segment transactions	598,645	(598,645)	(25,405,300)	19,795,300
Consolidated total	(20,166,773)	709,965	1,196,122,647	(610,979,718)
<b>2018</b>				
Total reportable segment	(14,693,087)	1,173,269	1,224,822,199	(628,247,525)
Elimination of inter-segment transactions	360,532	(360,532)	(17,642,060)	12,032,060
Consolidated total	(14,332,555)	812,737	1,207,180,139	(616,215,465)

## 26. OPERATING SEGMENTS (CONT'D)

### Geographical segments

The Group's segments are located in Malaysia.

### Major customers

There are no major customers with revenue equal or more than 10% of the Group's total revenue.

## 27. FINANCIAL INSTRUMENTS

As permitted by MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards, the Group and the Company have elected the exemption not to apply MFRS 7, Financial Instruments: Disclosure in respect of the comparative information.

### 27.1 Categories of financial instruments

The table below provides an analysis of financial instruments which are all categorised as amortised cost.

	Group	Company
	RM	RM
<b>31.3.2019</b>		
<b>Financial assets</b>		
Trade and other receivables	49,530,236	407,795,655
Cash and cash equivalents	19,863,096	3,128,828
	69,393,332	410,924,483
<b>Financial liabilities</b>		
Trade and other payables	143,580,307	140,102,709
Loans and borrowings	403,082,398	151,873,464
	546,662,705	291,976,173

### 27.2 Net gains and losses arising from financial instruments

	Group	Company
	RM	RM
<b>2019</b>		
Net gains/(losses) on:		
Financial assets measured at amortised cost	692,941	(29,952,214)
Financial liabilities measured at amortised cost	(19,883,294)	(14,104,923)
	(19,190,353)	(44,057,137)

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### 27.3 Financial risk management

The Group and the Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 27.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from receivables from purchasers of properties ("purchasers"). The Company is also exposed to credit risk in respect of advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

#### *Trade receivables and contract assets*

#### *Risk management objectives, policies and processes for managing the risk*

Normally, purchasers are supported by the end-financiers which are reputable banks in Malaysia. For self-financed purchasers, the Group and the Company extend credit based upon evaluation of the purchasers' general background. Trade receivables are monitored on an ongoing basis by the Group's credit control department.

At each reporting date, the Group and the Company assess whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group 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. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

#### *Exposure to credit risk, credit quality and collateral*

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

The Group generally does not receive any collateral and credit enhancement from purchasers. However, the Group mitigate its credit risk by maintaining its name as the registered owner of the properties until full settlement by the purchaser of the self-financed portion of the purchase consideration or upon undertaking of end-financing by the purchasers' end-financier.

#### *Concentration of credit risk*

There was no significant concentration of credit risk and the exposure of credit risk for trade receivables and contract assets as at the end of the reporting period arise from domestic property development industry.

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### 27.4 Credit risk (cont'd)

#### Trade receivables and contract assets (cont'd)

##### *Recognition and measurement of impairment losses*

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 days. The Group's debt recovery process is as follows:

- a) Above 30 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the credit control department; and
- b) If the customer did not abide by the agreed debt restructuring arrangement, the Group will issue notice of termination to commence termination of contract and recovery of the properties sold in order to reduce the credit risk exposure.

The Group measures expected credit loss ("ECL") of trade receivables individually. Consistent with the debt recovery process, invoices of which customers have defaulted on debt recovery arrangements are generally considered as credit impaired.

Loss rates are determined for each individual purchasers using past payment trends and other external information relating to the purchasers that are publicly available. In determining the loss rates for each individual purchasers, the Group also considers the value of properties sold that could be recovered upon termination of contract which will reduce credit loss arising from the trade receivables.

The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### 27.4 Credit risk (cont'd)

#### Trade receivables and contract assets (cont'd)

#### *Recognition and measurement of impairment losses (cont'd)*

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 March 2019 which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM	Loss allowance RM	Net balance RM
<b>31.3.2019</b>			
Not past due	83,041,839	-	83,041,839
Past due 31 - 120 days	14,381,241	-	14,381,241
Past due 121 - 180 days	178,646	-	178,646
Past due 181 - 335 days	1,394,664	-	1,394,664
Past due more than 335 days	208,458	-	208,458
	99,204,848	-	99,204,848
Individually impaired	475,342	(475,342)	-
	99,680,190	(475,342)	99,204,848

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### 27.4 Credit risk (cont'd)

#### Trade receivables and contract assets (cont'd)

#### *Recognition and measurement of impairment losses (cont'd)*

The Group did not receive any collateral in respect of the above trade receivables.

There are trade receivables where the Group has not recognised any loss allowance as the Group has maintained its name as the registered owner of the properties sold to customers until the trade receivables are collected.

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are shown below.

#### Trade receivables - Credit impaired

	Group
	RM
2019	
At beginning of year	458,318
Amounts written off	-
Net remeasurement of loss allowance	17,024
At end of year	475,342



## 27. FINANCIAL INSTRUMENTS (CONT'D)

### 27.4 Credit risk (cont'd)

#### Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Company are of the view that the loss allowance is not material and hence, it is not provided for.

#### Other receivables and deposits

Credit risks on other receivables and deposits are mainly arising from deposits and advances paid for property development activities to government entities, contractors and consultants. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These other receivables have low credit risks. Consequently, the Company are of the view that the loss allowance is not material.

#### Inter-company balances

#### *Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

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

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

#### *Recognition and measurement of impairment loss*

Generally, the Company considers loans and advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary's loan or advance is overdue for more than 30 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### 27.4 Credit risk (cont'd)

Inter-company balances (cont'd)

#### *Recognition and measurement of impairment loss (cont'd)*

The following table provides information about the exposure to credit risk and ECLs for amounts due from subsidiaries as at 31 March 2019.

	Company RM
<b>31.3.2019</b>	
Amounts due from subsidiaries	446,643,866
Loss allowance	
- Credit impaired	(42,783,009)
	403,860,857

Financial guarantees

#### *Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

#### *Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM251,208,934 representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

#### *Recognition and measurement of impairment loss*

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

### 27.5 Liquidity risk

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

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### 27.5 Liquidity risk (cont'd)

#### Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 5 years RM	More than 5 years RM
<b>31.3.2019</b>						
<b>Group</b>						
<i>Non-derivative financial liabilities</i>						
Trade and other payables						
- non-interest bearing	143,580,307	-	144,581,832	137,614,603	6,967,229	-
Loans and borrowings	403,082,398	5.05-8.75	465,418,244	192,569,569	237,384,917	35,463,758
	546,662,705		610,000,076	330,184,172	244,352,146	35,463,758
<b>Company</b>						
<i>Non-derivative financial liabilities</i>						
Trade and other payables						
- interest bearing	138,375,156	3.20	138,375,156	138,375,156	-	-
- non-interest bearing	1,727,553	-	1,727,553	1,727,553	-	-
Loans and borrowings	151,873,464	5.10-8.75	164,314,898	133,452,743	30,862,155	-
Financial guarantee	-	-	251,208,934	251,208,934	-	-
	291,976,173		555,626,541	524,764,386	30,862,155	-

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### 27.6 Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's and the Company's financial position or cash flows.

#### Interest rate risk

The Group's and the Company's fixed rate borrowing is exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investment in financial assets, short term receivables and payables are not significantly exposed to interest rate risk.

#### *Risk management objectives, policies and processes for managing the risk*

The Group and the Company manage their interest rate exposure by maintaining a mix of fixed and floating rate loans and borrowings. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

#### *Exposure to interest rate risk*

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

	Group	Company
	RM	RM
<b>31.3.2019</b>		
<b>Fixed rate instruments</b>		
Financial assets	3,275,841	569,456
Financial liabilities	(107,159)	(107,159)
	3,168,682	462,297
<b>Floating rate instruments</b>		
Financial assets	-	403,860,857
Financial liabilities	(402,975,239)	(290,141,461)
	(402,975,239)	113,719,396

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### 27.6 Market risk (cont'd)

#### Interest rate risk (cont'd)

#### *Interest rate risk sensitivity analysis*

##### (a) *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss, and the Group and the Company do not designate any derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

##### (b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Group	Company
	RM	RM
2019		
<b>Floating rate instruments</b>		
100 bp increase	(3,062,612)	864,267
100 bp decrease	3,062,612	(864,267)

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### 27.7 Fair value information

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

The table below analyses non-current financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments not carried at fair value				Total RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
31.3.2019						
<b>Financial assets</b>						
<b>Non-current</b>						
Trade receivables	-	-	780,000	780,000	780,000	780,000
Other receivables	-	-	3,218,498	3,218,498	3,218,498	3,218,498
Refundable deposits	-	-	4,390,258	4,390,258	4,390,258	4,390,258
	-	-	8,388,756	8,388,756	8,388,756	8,388,756
<b>Financial liabilities</b>						
<b>Non-current</b>						
Trade payables	-	-	6,492,341	6,492,341	6,492,341	6,492,341
Refundable deposits	-	-	48,690	48,690	48,690	48,690
Loans and borrowings	-	-	310,622,634	310,622,634	310,622,634	310,622,634
	-	-	317,163,665	317,163,665	317,163,665	317,163,665

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### 27.7 Fair value information (cont'd)

Company	Fair value of financial instruments not carried at fair value				Total RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
31.3.2019						
Financial assets						
Non-current						
Refundable deposits	-	-	75,353	75,353	75,353	75,353
Financial liabilities						
Non-current						
Loans and borrowings	-	-	95,936,661	95,936,661	95,936,661	95,936,661

#### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2018: no transfer in either directions).

#### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Level 3 fair value is determined using the discounted cash flows valuation technique using a rate based on the current market rate of borrowing of the respective group entities at the reporting date.

## 28. OPERATING LEASES

### Leases as lessee

The Group has entered into non-cancellable operating lease agreements for the use of land and building. These leases have a life of 20 to 30 years with renewal option included in the contracts. Lease payments are reviewed every three years to reflect current market rentals. There are no restrictions placed upon the Group by entering into these leases.

The future aggregate minimum lease payments under the operating lease contracted for as at the reporting date but not recognised as liabilities are as follows

	Group	
	2019	2018
	RM	RM
Not later than 1 year	235,703	192,000
Later than 1 year and not later than 5 years	801,456	768,000
Later than 5 years	1,674,800	1,963,300
	2,711,959	2,923,300

  

	Company	
	2019	2018
	RM	RM
Not later than 1 year	49,703	-
Later than 1 year and not later than 5 years	57,456	-
Later than 5 years	-	-
	107,159	-



## 28. OPERATING LEASES (CONT'D)

### Leases as lessor

The Group has entered into non-cancellable operating lease agreements on its concession assets and investment properties. These leases have remaining non-cancellable lease terms of between 1 and 3 years.

The future minimum lease payments receivable under the operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	Group	
	2019	2018
	RM	RM
Not later than 1 year	898,440	924,345
Later than 1 year and not later than 5 years	723,405	355,185
	1,621,845	1,279,530

## 29. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group's approach for capital management is to monitor and maintain an optimal debt-to-equity ratio. The debt-to-equity ratios at 31 March 2019 and 31 March 2018 are as follows:

	Group				Company			
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017	1.4.2017	
	RM	RM	RM	RM	RM	RM	RM	
Amounts due to subsidiaries	-	-	-	138,375,156	42,070,923	33,451,034		
Loans and borrowings	403,082,398	441,820,486	278,385,414	151,873,464	152,806,600	103,720,000		
Less: Deposits placed with licensed banks	(3,275,841)	(3,187,883)	(3,101,738)	(569,456)	(552,333)	(535,466)		
Less: Cash and bank balances	(16,587,255)	(16,280,160)	(44,628,701)	(2,559,372)	(309,612)	(4,608,576)		
Net debt	383,219,302	422,352,443	230,654,975	287,119,792	194,015,578	132,026,992		
Total equity	585,142,929	590,964,674	598,423,583	303,722,240	355,181,918	352,863,423		
Debt-to-equity ratios (net)	65%	71%	39%	95%	55%	37%		

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

### 30. RELATED PARTIES

#### Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationship with its holding company, subsidiaries, associate and key management personnel.

#### Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 22) and dividend income, are shown below. The balances related to the below transactions are shown in Note 9 and Note 16.

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Subsidiaries</b>				
Interest receivable	-	-	12,813,268	9,633,229
Interest payable	-	-	2,272,676	750,617
Landowner entitlement received	-	-	1,093,720	1,262,910
Management fee received	-	-	3,644,550	3,225,600
Rental received	-	-	31,200	31,200

### 31. ACQUISITION OF A SUBSIDIARY

#### Acquisition of subsidiary - Kajang Heights Development Sdn. Bhd.

In May 2018, the Group completed the acquisition of 3,000,000 ordinary shares in Kajang Heights Development Sdn. Bhd. ("KHDSB"), being the entire paid up share capital of KHDSB, for a total consideration of RM69,385,805, pursuant to a conditional share sale agreement dated 27 December 2017. KHDSB is involved in property development activities. For the 10 months period to 31 March 2019, KHDSB has not contributed any revenue but incurred a loss of RM554,687. Had the acquisition occurred on 1 April 2018, management estimates that consolidated loss for the financial year would have been RM22,554,565. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition of RM61,319,477 would have been the same if the acquisition had occurred on 1 April 2018.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

### 31. ACQUISITION OF A SUBSIDIARY (CONT'D)

Acquisition of subsidiary - Kajang Heights Development Sdn. Bhd. (cont'd)

	Group 2019 RM
<b>Fair value of consideration transferred</b>	
Cash and cash equivalents	69,385,805
<b>Identifiable assets acquired and liabilities assumed</b>	
Inventories	95,800,000
Current tax assets	48,164
Cash and cash equivalents	2,000
Deferred tax liabilities	(19,364,046)
Other payables	(672,388)
<b>Total identifiable net assets</b>	<b>75,813,730</b>
<b>Net cash outflow arising from acquisition of subsidiary</b>	
Purchase consideration settled in cash and cash equivalents	69,385,805
Cash and cash equivalents acquired	(2,000)
	69,383,805
Deposits paid in prior year	(21,000,000)
	48,383,805
<b>Bargain purchase gain</b>	
Bargain purchase gain was recognised as a result of the acquisition as follows:	
Total consideration transferred	69,385,805
Fair value of identifiable net assets	75,813,730
<b>Bargain purchase gain</b>	<b>(6,427,925)</b>

The fair value of inventories, comprising 4 parcels of freehold land, are determined by the Directors based on level 3 fair value determined using the sales comparison approach, which involves using sales price of comparable land in close proximity, adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

### 32. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Company		
	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Corporate guarantees issued to licensed banks in respect of borrowings granted to subsidiaries	251,208,934	318,840,048	201,699,286

### 33. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Capital expenditure commitment				
Other commitment				
Investment in a subsidiary	-	49,000,000	-	49,000,000

### 34. SIGNIFICANT EVENTS

#### Group and Company

- 34.1 In May 2018, the Company completed the acquisition of 3,000,000 ordinary shares in Kajang Heights Development Sdn. Bhd. ("KHDSB"), being the entire paid up share capital of KHDSB, for a total consideration of RM69,385,806, pursuant to a conditional share sale agreement dated 27 December 2017.
- 34.2 In August 2018, the Company incorporated Huayang Ventures Sdn. Bhd. ("HYV"), a wholly-owned subsidiary, for a total issued paid up capital of RM2. In December 2018, the Company has subscribed to additional 99,998 ordinary shares for a total consideration of RM99,998 settled in kind by offsetting debts owing by HYV to the Company.
- 34.3 In October 2018, the Company completed the disposal of 900,000 ordinary shares in KHDSB, representing 30% equity interest in KHDSB, for a total consideration of RM21,000,000, pursuant to a conditional share sale agreement dated 30 August 2018. Following the disposal, the Group and the Company's equity interest in KHDSB changed from 100% to 70% and the Group recognised a non-controlling interest of RM22,817,442 and loss on change in ownership interest in KHDSB of RM1,817,442 which was recognised directly in retained earnings.
- 34.4 In March 2019, the Company has subscribed to additional 1,500,000 ordinary shares in Prop Park Sdn. Bhd. ("PPSB"), a wholly-owned subsidiary, for a total consideration of RM1,500,000 settled in kind by offsetting debts owing by PPSB to the Company.

### 35. EXPLANATION OF TRANSITION TO MFRSS

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 March 2019, the comparative information presented in these financial statements for the financial year ended 31 March 2018 and in the preparation of the opening MFRS statement of financial position at 1 April 2017 (the Group's and the Company's date of transition to MFRSSs).

35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

35.1 Reconciliation of financial position

Group	Note	At 31.3.2018			At 1.4.2017		
		FRSS RM	Effect of Transition to MFRSS RM	MFRSS RM	FRSS RM	Effect of Transition to MFRSS RM	MFRSS RM
<b>Assets</b>							
Property, plant and equipment		16,610,934	-	16,610,934	8,983,326	-	8,983,326
Investment properties		1,739,009	-	1,739,009	1,781,766	-	1,781,766
Land held for property development	a	456,353,227	(456,353,227)	-	442,600,038	(442,600,038)	-
Intangible assets		23,741,140	-	23,741,140	25,510,306	-	25,510,306
Investment in an associate		189,440,202	-	189,440,202	66,701,555	-	66,701,555
Inventories	a,f	-	455,574,695	455,574,695	-	442,600,038	442,600,038
Trade and other receivables		8,753,250	-	8,753,250	6,572,868	-	6,572,868
Deposits placed with licensed banks		3,187,883	-	3,187,883	3,101,738	-	3,101,738
Deferred tax assets	g	14,608,493	513,254	15,121,747	13,879,739	(932,345)	12,947,394
<b>Total non-current assets</b>		<b>714,434,138</b>	<b>(265,278)</b>	<b>714,168,860</b>	<b>569,131,336</b>	<b>(932,345)</b>	<b>568,198,991</b>
<b>Property development costs</b>							
Property development costs	a	239,307,737	(239,307,737)	-	267,537,766	(267,537,766)	-
Inventories	a,f	106,068,612	221,158,899	327,227,511	39,629,017	258,886,460	298,515,477
Contract assets	b,d	-	50,117,820	50,117,820	-	76,898,761	76,898,761
Contract costs	a,c,e	-	18,785,293	18,785,293	-	11,236,423	11,236,423
Other current assets	b	44,954,610	(44,643,116)	311,494	76,435,057	(75,544,120)	890,937
Current tax assets		5,780,544	-	5,780,544	-	-	-
Trade and other receivables	b	76,888,276	(2,379,819)	74,508,457	52,985,766	-	52,985,766
Cash and bank balances		16,280,160	-	16,280,160	44,628,701	-	44,628,701
<b>Total current assets</b>		<b>489,279,939</b>	<b>3,731,340</b>	<b>493,011,279</b>	<b>481,216,307</b>	<b>3,939,758</b>	<b>485,156,065</b>
<b>Total assets</b>		<b>1,203,714,077</b>	<b>3,466,062</b>	<b>1,207,180,139</b>	<b>1,050,347,643</b>	<b>3,007,413</b>	<b>1,053,355,056</b>

35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

35.1 Reconciliation of financial position (cont'd)

Group	Note	At 31.3.2018		At 1.4.2017		
		FRSS RM	Effect of Transition to MFRSS RM	FRSS RM	Effect of Transition to MFRSS RM	MFRSS RM
<b>Equity</b>						
Share capital		352,000,000	-	352,000,000	-	352,000,000
Retained earnings	h	240,768,936	776,738	243,397,180	3,026,403	246,423,583
Translation reserves		(2,581,000)	-	-	-	-
<b>Equity attributable to owners of the Company</b>		<b>590,187,936</b>	<b>776,738</b>	<b>595,397,180</b>	<b>3,026,403</b>	<b>598,423,583</b>
<b>Liabilities</b>						
Trade and other payables		18,987,560	-	13,622,641	-	13,622,641
Deferred tax liabilities	g	19,248,077	758,538	19,621,982	23,359	19,645,341
Loans and borrowings		230,105,019	-	191,454,074	-	191,454,074
<b>Total non-current liabilities</b>		<b>268,340,656</b>	<b>758,538</b>	<b>224,698,697</b>	<b>23,359</b>	<b>224,722,056</b>
Trade and other payables	b	132,109,095	1,936,227	136,710,892	(42,349)	136,668,543
Contract liabilities	b	-	1,355,482	-	4,832,666	4,832,666
Other current liabilities		1,360,923	(1,360,923)	4,832,666	(4,832,666)	-
Loans and borrowings		211,715,467	-	86,931,340	-	86,931,340
Current tax liabilities		-	-	1,776,868	-	1,776,868
<b>Total current liabilities</b>		<b>345,185,485</b>	<b>1,930,786</b>	<b>230,251,766</b>	<b>(42,349)</b>	<b>230,209,417</b>
<b>Total liabilities</b>		<b>613,526,141</b>	<b>2,689,324</b>	<b>454,950,463</b>	<b>(18,990)</b>	<b>454,931,473</b>
<b>Total equity and liabilities</b>		<b>1,203,714,077</b>	<b>3,466,062</b>	<b>1,050,347,643</b>	<b>3,007,413</b>	<b>1,053,355,056</b>

35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

35.1 Reconciliation of financial position (cont'd)

Company	Note	At 31.3.2018		At 1.4.2017			
		FRSS RM	Effect of Transition to MFRSS RM	MFRSS RM	FRSS RM	Effect of Transition to MFRSS RM	MFRSS RM
<b>Assets</b>							
Property, plant and equipment		5,781,610	-	5,781,610	6,018,373	-	6,018,373
Investment properties		1,954,596	-	1,954,596	2,000,653	-	2,000,653
Land held for property development	a	6,702,085	(6,702,085)	-	6,654,385	(6,654,385)	-
Investments in subsidiaries		125,091,146	-	125,091,146	125,091,146	-	125,091,146
Inventories	a	-	6,702,085	6,702,085	-	6,654,385	6,654,385
Trade and other receivables		63,720	-	63,720	62,720	-	62,720
Deposits placed with licensed banks		552,333	-	552,333	535,466	-	535,466
Deferred tax assets		2,230,935	-	2,230,935	2,164,581	-	2,164,581
<b>Total non-current assets</b>		<b>142,376,425</b>	<b>-</b>	<b>142,376,425</b>	<b>142,527,324</b>	<b>-</b>	<b>142,527,324</b>
Property development costs	a	312,701	(312,701)	-	636,741	(636,741)	-
Inventories	a	251,338	312,701	564,039	251,338	636,741	888,079
Other current assets		215,720	-	215,720	425,891	-	425,891
Trade and other receivables		408,831,126	-	408,831,126	351,739,024	-	351,739,024
Cash and bank balances		309,612	-	309,612	4,608,576	-	4,608,576
<b>Total current assets</b>		<b>409,920,497</b>	<b>-</b>	<b>409,920,497</b>	<b>357,661,570</b>	<b>-</b>	<b>357,661,570</b>
<b>Total assets</b>		<b>552,296,922</b>	<b>-</b>	<b>552,296,922</b>	<b>500,188,894</b>	<b>-</b>	<b>500,188,894</b>



35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

35.1 Reconciliation of financial position (cont'd)

Company	Note	At 31.3.2018		At 1.4.2017	
		FRSS RM	Effect of Transition to MFRSS RM	FRSS RM	Effect of Transition to MFRSS RM
<b>Equity</b>					
Share capital		352,000,000	-	352,000,000	-
Retained earnings		3,181,918	-	863,423	-
<b>Equity attributable to owners of the Company</b>		<b>355,181,918</b>	<b>-</b>	<b>352,863,423</b>	<b>-</b>
<b>Liabilities</b>					
Loans and borrowings		82,815,000	-	80,680,000	-
<b>Total non-current liabilities</b>		<b>82,815,000</b>	<b>-</b>	<b>80,680,000</b>	<b>-</b>
Trade and other payables		43,905,083	-	43,359,731	-
Loans and borrowings		69,991,600	-	23,040,000	-
Current tax liabilities		403,321	-	245,740	-
<b>Total current liabilities</b>		<b>114,300,004</b>	<b>-</b>	<b>66,645,471</b>	<b>-</b>
<b>Total liabilities</b>		<b>197,115,004</b>	<b>-</b>	<b>147,325,471</b>	<b>-</b>
<b>Total equity and liabilities</b>		<b>552,296,922</b>	<b>-</b>	<b>500,188,894</b>	<b>-</b>

35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

35.2 Reconciliation of profit or loss and other comprehensive income for the year ended at 31 March 2018

	Note	Group			Company		
		FRSS RM	Effect of Transition to MFRSS RM	MFRSS RM	FRSS RM	Effect of Transition to MFRSS RM	MFRSS RM
Revenue	d	230,691,392	(3,334,670)	227,356,722	15,488,510	-	15,488,510
Cost of sales	e	(161,883,087)	(476,755)	(162,359,842)	(324,040)	-	(324,040)
<b>Gross profit</b>		68,808,305	(3,811,425)	64,996,880	15,164,470	-	15,164,470
Other income		1,657,498	-	1,657,498	9,808,109	-	9,808,109
Administrative expenses		(31,224,290)	-	(31,224,290)	(9,221,422)	-	(9,221,422)
Selling and marketing expenses	c,d	(17,910,389)	4,125,308	(13,785,081)	-	-	-
<b>Results from operating activities</b>		21,331,124	313,883	21,645,007	15,751,157	-	15,751,157
Finance costs	f	(11,058,587)	(3,273,968)	(14,332,555)	(5,844,718)	-	(5,844,718)
Share of profits of equity-accounted associate, net of tax		1,313,000	-	1,313,000	-	-	-
<b>Profit before tax</b>		11,585,537	(2,960,085)	8,625,452	9,906,439	-	9,906,439
Tax expense		(7,173,781)	710,420	(6,463,361)	(547,944)	-	(547,944)
<b>Profit for the year</b>		4,411,756	(2,249,665)	2,162,091	9,358,495	-	9,358,495
Other comprehensive loss, net of tax items that are or may be reclassified subsequently to profit or loss							
Share of other comprehensive loss of equity-accounted associate		(2,581,000)	-	(2,581,000)	-	-	-
<b>Total comprehensive income/(loss)</b>		1,830,756	(2,249,665)	(418,909)	9,358,495	-	9,358,495

35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

35.3 Material adjustments to the statements of cash flows for the year ended at 31 March 2018

	Note	Group			Company		
		FRSS RM	Effect of Transition to MFRSS RM	MFRSS RM	FRSS RM	Effect of Transition to MFRSS RM	MFRSS RM
Cash flows from operating activities	a	51,656,602	(52,212,077)	(555,475)	(28,178,110)	(625,955)	(28,804,065)
Cash flows from investing activities	a	(205,683,767)	51,497,862	(154,185,905)	(13,885,758)	47,700	(13,838,058)
Cash flows from financing activities		109,876,550	714,215	110,590,765	25,773,304	578,255	26,351,559
<b>Net decrease in cash and cash equivalents</b>		<b>(44,150,615)</b>	<b>-</b>	<b>(44,150,615)</b>	<b>(16,290,564)</b>	<b>-</b>	<b>(16,290,564)</b>

## 35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

### 35.4 Notes to reconciliations

#### Note a

Under FRS, cost associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities are recognised as property development costs. Land on which no development activities have been carried out or where development activities are not expected to be completed within the Company's normal operating cycle of 2 to 3 years are classified as non-current assets and presented as land held for property development.

Upon transition to MFRS, the above costs are recognised as inventories. In addition, the above costs that relate directly to a contract is recognised as an asset when the cost generates or enhances resources of the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

The change has led to a reclassification of property development cost and land held for property development to current and non-current inventories respectively. Current inventories that relate to contracts with customers are reclassified and presented as contract cost. Additions to land held for property development previously presented as cash flows from investing activities in the statement of cash flows were also reclassified as changes in working capital which is presented in cash flows from operating activities in the statement of cash flows. There is no impact to equity and the statement of profit or loss and other comprehensive income of the Company.

#### Note b

Under FRS, the excess of revenue recognised over profit or loss over billings to purchasers is shown as accrued billings and the excess of billings to purchasers over revenue recognised in profit or loss is shown as progress billings.

Upon transition to MFRS, accrued billings and progress billings are recognised as contract assets and contract liabilities respectively.

The change has led to a reclassification of accrued billings and progress billings to contract assets and contract liabilities respective and there is no impact to equity and the statement of profit or loss and other comprehensive income of the Company.

#### Note c

Under FRS, the incremental costs of obtaining contracts with customers are expensed off into profit or loss as incurred.

Upon transition to MFRS, incremental costs of obtaining contracts are recognised as an asset when the Company expects to recover these costs. These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

### 35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

#### 35.4 Notes to reconciliations (cont'd)

The impact arising from the change is summarised as follows:

	Group	
	31.3.2018 RM	1.4.2017 RM
<b>Statement of profit or loss and other comprehensive income</b>		
Selling and marketing expenses	396,705	
Adjustment before tax	396,705	
<b>Statement of financial position</b>		
Contract costs - Cost to obtain a contract	2,360,289	1,963,584
Related tax effect	(566,469)	(471,260)
Adjustment to retained earnings	1,793,820	1,492,324

#### Note d

Under FRS, revenue from property development activities and construction contracts is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Upon transition to MFRS, revenue is recognised and measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, based on the following criteria, among others:

- Revenue is recognised in respect of a contract with a customer if collectability of the consideration for the transfer of goods and services is probable.
- Revenue is recognised for each distinct goods and services (or performance obligations) identified in a contract with a customer, based on considerations specified in a contract, which is allocated to each performance obligations on a relative stand alone selling price basis.

The impact arising from the change is summarised as follows:

	Group	
	31.3.2018 RM	1.4.2017 RM
<b>Statement of profit or loss and other comprehensive income</b>		
Revenue	(3,334,670)	-
Selling and marketing expenses	3,728,603	-
Adjustment before tax	393,933	-
<b>Statement of financial position</b>		
Contract assets	1,748,393	1,354,460
Related tax effect	(419,614)	(325,070)
Adjustment to retained earnings	1,328,779	1,029,390

### 35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

#### 35.4 Notes to reconciliations (cont'd)

##### Note e

Under FRS, cost of sales is recognised based on property development costs attributable to development properties sold in the period in which the related revenue is recognised resulting in the matching of cost of sales and revenue.

Upon transition to MFRS, cost of sales is recognised based on amortisation of cost to fulfil contract on a systematic basis that is consistent with the pattern of revenue recognition to which the sold development properties relates. Cost to fulfil contract for development properties sold are carrying amount of inventories attributed to the development properties sold.

The impact arising from the change is summarised as follows:

	Group	
	31.3.2018 RM	1.4.2017 RM
<b>Statement of profit or loss and other comprehensive income</b>		
Cost of sales	(476,755)	
Adjustment before tax	(476,755)	
<b>Statement of financial position</b>		
Contract costs - Cost to fulfil a contract	1,133,514	1,610,269
Related tax effect	(272,043)	(386,464)
Adjustment to retained earnings	861,471	1,223,805

##### Note f

Upon transition to MFRS, the Company adopted the IFRIC agenda decision on capitalisation of borrowing costs in relation to over time transfer of constructed goods. Consequently, borrowing costs capitalised in prior year in relation to inventories that are ready for their intended sales are recognised in profit or loss.

The impact arising from the change is summarised as follows:

	Group	
	31.3.2018 RM	1.4.2017 RM
<b>Statement of profit or loss and other comprehensive income</b>		
Finance costs	(3,273,968)	
Adjustment before tax	(3,273,968)	
<b>Statement of financial position</b>		
Inventories	(4,220,174)	(946,206)
Related tax effect	1,012,842	227,090
Adjustment to retained earnings	(3,207,332)	(719,116)

### 35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

#### 35.4 Notes to reconciliations (cont'd)

##### Note g

The changes that affected deferred tax assets/liabilities are as follows:

	Note	Group	
		31.3.2018 RM	1.4.2017 RM
Contract costs - Cost to obtain a contract	35.4c	(566,469)	(471,260)
Change in revenue recognition	35.4d	(419,614)	(325,070)
Change in cost of sales	35.4e	(272,043)	(386,464)
Borrowing costs capitalised recognised in profit or loss	35.4f	1,012,842	227,090
Net increase in deferred tax		(245,284)	(955,704)

##### Note h

The changes that affected the retained earnings are as follows:

	Note	Group	
		31.3.2018 RM	1.4.2017 RM
Contract costs - Cost to obtain a contract	35.4c	1,793,820	1,492,324
Change in revenue recognition	35.4d	1,328,779	1,029,390
Change in cost of sales	35.4e	861,471	1,223,805
Borrowing costs capitalised recognised in profit or loss	35.4f	(3,207,332)	(719,116)
Decrease in retained earnings		776,738	3,026,403

##### Note i

Certain comparative figures in the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows and notes to the financial statements were reclassified to conform to current year presentation.

## STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 70 to 150 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2019 and of their financial performance and cash flows for the financial year then ended.

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

.....  
**Ho Wen Yan**  
Director

.....  
**Ho Wen Fan**  
Director

Kuala Lumpur,

Date: 17 July 2019

## STATUTORY DECLARATION

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

I, **Tan Hwai Lun**, the officer primarily responsible for the financial management of Hua Yang Berhad, do solemnly and sincerely declare that the financial statements set out on pages 70 to 150 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Tan Hwai Lun, NRIC: 770815-10-5155, MIA: CA 24085, at Kuala Lumpur in the Federal Territory on 17 July 2019.

.....  
**Tan Hwai Lun**

Before me:

KAPT.(B) Jasni bin Yusoff

Pesuruhjaya Sumpah

No. W465

Lot 1.08, Tingkat 1

Bangunan KWSP, Jalan Raja Laut

50350 Kuala Lumpur



## INDEPENDENT AUDITORS' REPORT

To the Members of Hua Yang Berhad

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Hua Yang Berhad, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 70 to 150.

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 March 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

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

#### Independence and Other Ethical Responsibilities

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. 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.

##### Key Audit Matters for the Group

##### *Revenue recognition for property development activities*

Refer to Note 2(p)(i) - Significant accounting policy: Revenue and Note 18 - Revenue.

##### *The key audit matter:*

The Group recorded revenue from sales of development properties and developed properties amounting to RM149,223,500 and RM116,758,883 respectively.

Revenue recognition from sales of development and developed properties is identified as a key audit matter because significant judgements were applied in revenue recognition, amongst others include:

- Probability of collection of consideration from purchasers, especially cash and foreign purchasers.
- Measurement of progress towards satisfaction of performance obligations using cost incurred method, in particular, relating to the estimation of the total costs required to complete the work used in the calculation of stage of completion.

## Key Audit Matters (cont'd)

### Key Audit Matters for the Group (cont'd)

#### *How the matter was addressed in our audit:*

We performed the following audit procedures, amongst others:

- We reviewed contracts with customers and relevant supporting documents and assessed the appropriateness of revenue recognition under MFRS 15;
- We reviewed the Group's assessment relating to the probability of collection of consideration from customers, in particular for customers who are not supported by end-financiers;
- We agreed the estimated total costs to complete the works to the feasibility study prepared by the Group and compared the details of the estimated costs against documentary evidence in order to evaluate the reasonableness of the estimated total property development costs.
- We compared the progress towards satisfaction of performance obligations using cost incurred method against the progress of construction works as stipulated in progress reports from contractors and physical progress from our observation and enquiry of site personnel during the development site visit. Based on the progress of the development, we considered the Group's exposure to liquidated ascertained damages claims from property buyers.

#### *Valuation of developed properties*

Refer to Note 2(h) - Significant accounting policy: Inventories and Note 8 - Inventories

#### *The key audit matter:*

Inventories of the Group comprised unsold developed properties amounting to RM58,023,141 from completed property development projects.

Developed properties are measured at lower of cost and net realisable value. The determination of the estimated net realisable value for these developed properties depends on the Group's expectation on future selling prices.

Valuation of developed properties is identified as a key audit matter because these developed properties were available for sales since the launch of the property development projects in previous years and the challenges faced by the Group in selling these developed properties may indicate that the Group's expectation of future selling prices may not be attainable.

#### *How the matter was addressed in our audit:*

We performed the following audit procedures, amongst others:

- We checked the valuation of developed properties against selling prices for developed properties sold subsequent to year end or selling prices of similar developed properties sold within the same development project to identify indications that net realisable value of developed properties are below their carrying amount.
- We visited and made physical observation of the conditions and surroundings of the developed properties to identify conditions that may require the Group to mark down its selling prices in order to sell the developed properties.

#### *Valuation of investment in an associate*

Refer to Note 2(l)(ii) - Significant accounting policy: Impairment - Other assets and Note 7 - Investment in an associate.

#### *The key audit matter:*

Investment in an associate represents investment in quoted shares of Magna Prima Berhad amounting to RM160,508,306.

## Key Audit Matters (cont'd)

### Key Audit Matters for the Group (cont'd)

#### *The key audit matter: (cont'd)*

Investment in associate is accounted for using the equity method less any impairment losses. Investment in associate is reviewed at the reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investment in associate is estimated and impairment losses are recognised if the carrying amount of investment in associate exceeds its estimated recoverable amount.

Impairment of investment in an associate is identified as a key audit matter because the market value for the investment in the associate is lower than its carrying amount which maybe an indication of impairment.

#### *How the matter was addressed in our audit:*

We performed the following audit procedures, amongst others:

- We have checked the impairment indicators reviewed by the Group, which includes comparing the carrying amount of the investment in associate against its fair value to determine whether there is significant and prolonged decline in fair value.
- We have checked the basis used by the Group in determining the fair value for the investment in associate to evaluate its reasonableness.
- We have evaluated the reasonableness of the impairment loss in respect of the investment in associate recorded by the Group, including the calculation of recoverable amount of the investment in associate.

### Key Audit Matters for the Company

#### *Impairment of investments in subsidiaries and amounts due from subsidiaries*

Refer to Note 2(l)(i) - Significant accounting policy: Impairment - Financial assets, Note 2(l)(ii) - Significant accounting policy: Impairment - Other assets, Note 6 - Investments in subsidiaries and Note 27.4 - Impairment of inter-company balances.

#### *The key audit matter:*

Investments in subsidiaries with carrying amount of RM167,953,841 is reviewed at the reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments in subsidiaries is estimated and impairment losses are recognised if the carrying amount of investments in subsidiaries exceeds their estimated recoverable amount.

Amounts due from subsidiaries with carrying amount of RM403,860,857 is reviewed at the reporting date to determine whether it is credit impaired. Expected credit losses on amounts due from subsidiaries are reviewed at the reporting date.

Impairment of investments in subsidiaries and amounts due from subsidiaries are identified as a key audit matter because the carrying amounts relating to certain loss making subsidiaries are material and the basis and key assumptions used in determining the amount of impairment is subject to significant estimation uncertainty and changes to these key assumptions are highly sensitive.

#### *How the matter was addressed in our audit:*

We performed the following audit procedures, amongst others:

- We have checked the impairment indicators reviewed by the Company in respect of investments in subsidiaries, which includes review of the financial performance for the year and financial position at the reporting date for respective subsidiaries.

## Key Audit Matters (cont'd)

### Key Audit Matters for the Company (cont'd)

#### *How the matter was addressed in our audit: (cont'd)*

We performed the following audit procedures, amongst others: (cont'd)

- We have evaluated the reasonableness of the impairment loss in respect of investments in subsidiaries and amounts due from subsidiaries recorded by the Company, including the basis and assumptions used to forecast future cash flows from subsidiaries in estimating the expected credit losses for the amounts due from subsidiaries and the calculation of recoverable amount for the investments in subsidiaries.

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

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Statements

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

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

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

### Other Matters

1. As stated in Note 1(a) to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 April 2018 with a transition date of 1 April 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 March 2018 and 1 April 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 March 2018 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 March 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2018 do not contain misstatements that materially affect the financial position as of 31 March 2019 and financial performance and cash flows for the year then ended.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants  
Petaling Jaya,  
Date: 17 July 2019

**Chan Kah Mun**  
Approval Number: 03350/01/2020 J  
Chartered Accountant

## LIST OF GROUP'S PROPERTIES

As At 31 March 2019

Description and Existing Use	Location	Tenure	Floor Area (Sq. Ft.)	Age of Building (Years)	Net Book Value (RM' 000)	Year of Acquisition	Registered /Beneficial Owner
4 ½ Storey Shop Office for office use	123, Jalan Raja Permaisuri Bainun (Jalan Kampar), 30250 Ipoh, Perak Darul Ridzuan	Freehold	8,027	38	315	1993	Yoon Lian Realty Sendirian Berhad / Hua Yang Berhad
1 unit of 3-Storey Shop Office and 1 unit of 8-Storey Shop Office for office use	C-21 & C-22, Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor Darul Ehsan	Leasehold 99 years, expiring on 10 April 2101	20,516	14	2,319	2005	Hua Yang Berhad
Car park bays, Medan Selayang	Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor Darul Ehsan	Leasehold 99 years, expiring on 10 April 2101	138,166	14	1,594	2005	Hua Yang Berhad
2 units 2-Storey Shop Office for office use	53 & 55, Jalan Besi, Taman Sri Putri, 81300 Skudai, Johor Darul Takzim	Freehold	6,544	8	653	2011	Grandeur Park Sdn Bhd
2 units Shop Office for office use	B-20-G & B-20-1, Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor Darul Ehsan	Leasehold 99 years, expiring on 10 April 2101	3,466	14	706	2015	Hua Yang Berhad

## LIST OF GROUP'S PROPERTIES (CONT'D)

As At 31 March 2019

Description and Existing Use	Location	Tenure	Land Area (Acres)	Remaining Land for Development (Acres)	Net Book Value (RM' 000)	Year of Acquisition	Year of Commencement of Development	Registered/Beneficial Owner
Development land approved for mixed development	Geran 231624 Lot 5024 Mukim Senai, Daerah Kulaijaya and Geran 95306 Lot 2742 Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Freehold	134.47	36.27	23,103	2009	2011	Grandeur Park Sdn Bhd
Development land approved for mixed development	H.S.(D) 45670 PTB 10964, H.S.(D) 79521 PTB 10965, H.S.(D) 496784 PTB 13738, H.S.(D) 124896 PTB 13739, H.S.(D) 116405 PTB 13721, H.S.(D) 116406 PTB 13722, Geran 24543 Lot 9917 Bandar and Daerah of Johor Bahru	Freehold	1.08	1.08	5,868	2012	N/A	Grandeur Park Sdn Bhd
Development land approved for mixed development	Lot 6022-6029, H.S.(D) 279-286, Mukim Plentong, Daerah Johor Bahru, Johor	Freehold	73.16	64.46	122,653	2016	2017	Grand View Realty Sdn Bhd
Homestead agriculture lot and development land approved for residential development	Lot No. 8892, 8909, 8912-8922, 9594, 9694, 9697-9710 Mukim Seremban, Daerah Seremban, Negeri Sembilan Darul Khusus	Freehold	17.65	17.65	6,702	1995	N/A	Hua Yang Berhad
Development land approved for mixed development	H.S.(D) 185485, PT 334, Pekan Baru Sungai Besi, Daerah Petaling, Selangor Darul Ehsan	Leasehold (Expiring 28 May 2102)	3.73	Nil	99,177	2013	2016	Prop Park Sdn Bhd
Development land approved for mixed development	PN 95919 Lot 110500, PN 95920 Lot 110501, PN 95921 Lot 110502, PN 95922 Lot 110503, PN 95923 Lot 110506 Mukim Petaling, Dearah Petaling, Selangor Darul Ehsan	Leasehold (Expiring Dec 2110)	29.21	29.21	216,134	2013	N/A	Bison Holdings Sdn Bhd
Development land approved for mixed development	H.S.(D)131583 PT 68248, H.S.(D)131584 PT 68249, H.S.(D)131585 PT 68250, H.S.(D)154349 PT 74041, Mukim Kajang, District of Ulu Langat, Selangor Darul Ehsan	Freehold	19.76	19.76	69,419	2018	N/A	Kajang Heights Development Sdn Bhd
Development land approved for mixed development	Lot 12670 (PT 1347) Mukim Bota, Daerah Tengah, Perak Darul Ridzuan	Leasehold (Expiring April 2103)	739	266.81	42,380	1991	2001	Agro-Mod Industries Sdn Bhd

## LIST OF GROUP'S PROPERTIES (CONT'D)

As At 31 March 2019

Description and Existing Use	Location	Tenure	Land Area (Acres)	Remaining Land for Development (Acres)	Net Book Value (RM' 000)	Year of Acquisition	Year of Commencement of Development	Registered/Beneficial Owner
Development land approved for commercial development	Lot 11329 (PT 2062-PT 2409, PT 2699-PT 2713 & PT 2715) Mukim Bota, Daerah Tengah, Perak Darul Ridzuan	Leasehold (Expiring 7 April 2102)	38	2	687	1996	2001	Agro-Mod Industries Sdn Bhd
Development land approved for commercial development	54 lots of commercial title, Lot 105147 – 105200 Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan	Leasehold (Expiring 23 December 2080)	4	4	5,178	2013	N/A	Agro-Mod Industries Sdn Bhd
Development land approved for commercial development	Lot 2919, 29056, 29057 and 102133 Mukim Hulu Kinta, Perak Darul Ridzuan	Freehold except Lot 102133 (Expiring 23 December 2105)	7.21	7.21	32,667	2015	N/A	Agro-Mod Industries Sdn Bhd
Development land approved for commercial development	52 lots of commercial title, Lot 105837 – 105888 Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan	Leasehold (Expiring 23 December 2080)	2	2	6,000	2017	N/A	Agro-Mod Industries Sdn Bhd
Development land approved for residential development	Lot 320213 & 320214 (Geran 72080 & 72079), Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan	Freehold	3.7	2.29	736	1994	2012	Yoon Lian Realty Sendirian Berhad
Development land approved for mixed development	H.S.(D) 204382 PT 245009 Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan	Freehold	3.8	3.8	17,944	2017	N/A	Yoon Lian Realty Sendirian Berhad
Development land approved for mixed development	Geran 26077, Lot 427, Seksyen 4 Bandar Bukit Mertajam, Pulau Pinang	Freehold	4.90	4.90	30,386	2015	N/A	Tinggian Development Sendirian Berhad
Development land approved for mixed development	Lot 20328 & 20329, Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang	Freehold	9.50	9.50	26,303	2016	N/A	Tinggian Development Sendirian Berhad
Development land approved for mixed development	Lot 10414-10416, Mukim 6, Daerah Seberang Perai Tengah, Pulau Pinang	Freehold	6.78	2.46	56,481	2016	2016	G Land Development Sdn Bhd



## ANALYSIS OF SHAREHOLDINGS

As At 28 June 2019

### SHARE CAPITAL

Issued and fully paid-up capital: RM352,000,000  
Class of shares: Ordinary Shares  
Voting rights: One vote per Ordinary Share

### ORDINARY SHARE DISTRIBUTION SCHEDULE AS AT 28 JUNE 2019

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 - 99	809	12.04	40,605	0.01
100 - 1,000	451	6.71	236,941	0.07
1,001 - 10,000	3,073	45.72	15,011,671	4.27
10,001 - 100,000	2,076	30.89	61,643,801	17.51
100,001 - 17,599,999*	310	4.61	206,144,354	58.56
17,600,000 and above**	2	0.03	68,922,628	19.58
Total	6,721	100.00	352,000,000	100.00

Remark:

\* Less than 5% of issued shares

\*\* 5% and above of issued shares

### DIRECTORS' SHAREHOLDINGS AS AT 28 JUNE 2019

Name of Directors	Direct Interest	%	Deemed Interest	%
1. Tan Sri Dato' Seri Dr. Ting Chew Peh	391,110	0.11	336,274 <sup>(2)</sup>	0.10
2. Ho Mook Leong	2,215,823	0.63	604,154 <sup>(3)</sup>	0.17
3. Ho Wen Yan	1,564,440	0.44	112,089,294 <sup>(1)</sup>	31.84
4. Dato' Tan Bing Hua	70,221	0.02	200,000 <sup>(2)</sup>	0.06
5. Chew Po Sim	-	-	112,089,294 <sup>(1)</sup>	31.84
6. Chew Hoe Soon	363,554	0.10	809,920 <sup>(3)</sup>	0.23
7. Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud	-	-	-	-
8. Ho Wen Fan (Alternate Director)	-	-	112,089,294 <sup>(1)</sup>	31.84

Notes:

(1) Deemed interest by virtue of her/his substantial shareholdings in Heng Holdings Sdn Berhad.

(2) Deemed interest by virtue of the shareholdings of his spouse.

(3) Deemed interest by virtue of the shareholdings of his spouse and children.

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

As At 28 June 2019

### SUBSTANTIAL SHAREHOLDERS AS AT 28 JUNE 2019

Name	Direct Interest	%	Deemed Interest	%
1. Heng Holdings Sdn Berhad	112,089,294	31.84	-	-
2. Chew Po Sim	-	-	112,089,294 <sup>(1)</sup>	31.84
3. Ho Min Yi	-	-	112,089,294 <sup>(1)</sup>	31.84
4. Ho Wen Yan	1,564,440	0.44	112,089,294 <sup>(1)</sup>	31.84
5. Ho Wen Han	-	-	112,089,294 <sup>(1)</sup>	31.84
6. Ho Wen Fan	-	-	112,089,294 <sup>(1)</sup>	31.84

Notes:

(1) Deemed interest by virtue of his/her substantial shareholdings in Heng Holdings Sdn Berhad.

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

As At 28 June 2019

### LIST OF 30 LARGEST SHAREHOLDERS AS AT 28 JUNE 2019

No.	Name of Shareholders	No. of Shares	%
1.	Heng Holdings Sdn Berhad	46,255,962	13.14
2.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Heng Holdings Sdn Berhad	22,666,666	6.44
3.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Heng Holdings Sdn Berhad	17,333,333	4.92
4.	HSBC Nominees (Tempatan) Sdn Bhd for Heng Holdings Sdn Berhad	13,333,333	3.79
5.	Ho Khon Yok	10,584,045	3.01
6.	DB (Malaysia) Nominees (Tempatan) Sdn Bhd for Bank of Singapore Ltd.	10,000,000	2.84
7.	UOB Kay Hian Nominees (Asing) Sdn Bhd for UOB Kay Hian Pte Ltd	9,741,733	2.77
8.	Citigroup Nominees (Tempatan) Sdn Bhd for EPF Board (PHEIM)	6,265,400	1.78
9.	Ng Keat Siew	5,505,540	1.56
10.	Lim Khuan Eng	3,970,000	1.13
11.	JS Nominees (Tempatan) Sdn Bhd for Koay Kee Lek	3,710,000	1.05
12.	Maybank Nominees (Tempatan) Sdn Bhd for Liau Sek Thoon	3,031,233	0.86
13.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Lek Heng	3,020,232	0.86
14.	Tjong Tjhoen Mit @ Chong Choen Mit	2,933,333	0.83
15.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tawaria Sdn Bhd	2,721,000	0.77
16.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Heng Holdings Sdn Berhad	2,500,000	0.71
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Siew Eng @ Ong Chai	2,448,866	0.70
18.	Erica Madeleine Ee Mein Martin	2,396,305	0.68
19.	Kenwingston Sdn Bhd	2,303,000	0.65
20.	RHB Nominees (Tempatan) Sdn Bhd for OCI Engineering Sdn Bhd	2,222,221	0.63
21.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Swee Boh @ Goh Cheng Kin	2,201,250	0.63
22.	Goh Swee Boh @ Goh Cheng Kin	2,080,337	0.59
23.	Lee Ah Har @ Lee Kong Yip	2,001,253	0.57
24.	Loo Hooi Eng	1,968,554	0.56
25.	Stephen Paul Chong	1,847,972	0.52
26.	Ho Chon Yin	1,799,665	0.51
27.	Ho Mook Leong	1,741,973	0.49
28.	Ho Wen Yan	1,564,440	0.44
29.	Lam Kong Tang	1,500,000	0.43
30.	Public Invest Nominees (Tempatan) Sdn Bhd for Lam Kong Tang	1,500,000	0.43

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fortieth Annual General Meeting of Hua Yang Berhad will be held at the Head Office of the Company at 4<sup>th</sup> Floor, C-21 Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor on Wednesday, 28 August 2019 at 10.30 a.m. for the following purposes:-

### AGENDA

#### As Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Reports of the Directors and Auditors thereon.	
2.	To approve the payment of Directors' fees and meeting attendance allowance of RM721,970 and benefits for the financial year ended 31 March 2019.	(Resolution 1)
3.	To approve the payment of meeting attendance allowance of RM1,000 per meeting for each Non-Executive Director from August 2019 till July 2020.	(Resolution 2)
4.	To re-elect the following Directors retiring pursuant to Article 97(1) of the Company's Constitution:- 4.1 Tan Sri Dato' Seri Dr. Ting Chew Peh 4.2 Dato' Tan Bing Hua	(Resolution 3) (Resolution 4)
5.	To re-appoint KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.	(Resolution 5)

#### As Special Business

6.	<u>Ordinary Resolution 1</u> <b>Continuation in Office as Independent Non-Executive Director</b> "THAT approval be and is hereby given to Tan Sri Dato' Seri Dr. Ting Chew Peh who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company.	(Resolution 6)
7.	<u>Ordinary Resolution 2</u> <b>Continuation in Office as Independent Non-Executive Director</b> "THAT approval be and is hereby given to Dato' Tan Bing Hua who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company.	(Resolution 7)
8.	<u>Ordinary Resolution 3</u> <b>Authority to issue shares pursuant to Sections 75 &amp; 76 of the Companies Act 2016</b> "THAT, pursuant to Sections 75 & 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."	(Resolution 8)
9.	To transact any other ordinary business of which due notice shall have been given.	

## BY ORDER OF THE BOARD

LEONG OI WAH (MAICSA 7023802)(SSM PRACTISING CERTIFICATE NO.: 201908000717)

TAN HWAI LUN (MIA 24085)

LAM CHO WAI (MIA 37324)

Company Secretaries

Selangor Darul Ehsan

29 July 2019

### Notes:

1. Only members whose name appear in the Record of Depositors as at 21 August 2019 will be entitled to attend the Annual General Meeting or appoint proxy/proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and vote in his/her stead.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each securities account it may hold with ordinary shares of the Company standing to the credit of the said securities account.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy must be deposited at the Registered Office of the Company at C-21, Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor Darul Ehsan at least forty-eight (48) hours before the time appointed for the Meeting or any adjournment thereof.
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 40<sup>th</sup> Annual General Meeting will be put to vote by poll.
7. On agenda 2, the benefits relates to the provision of a driver for use by the Company's Chairman.
8. On agenda 4, the directors to retire under Article 97(1) of the Company's Constitution are Tan Sri Dato' Seri Dr. Ting Chew Peh, Dato' Tan Bing Hua and Mr Ho Mook Leong. Mr Ho Mook Leong has informed the Company that he would not be seeking re-election and will retire at the end of the 40<sup>th</sup> Annual General Meeting of the Company.

### Explanatory Note on Special Business:

#### Resolutions 6 & 7

The proposed Resolutions, if passed, will enable Tan Sri Dato' Seri Dr. Ting Chew Peh and Dato' Tan Bing Hua to continue in office as Independent Non-Executive Directors of the Company.

The Nomination Committee and the Board have assessed the independence of Tan Sri Dato' Seri Dr. Ting Chew Peh and Dato' Tan Bing Hua at its meetings held on 29 May 2019 and have recommended that they continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

- a) They have completed the forms of declaration affirming their independence as per the definition of the Listing Requirements.
- b) They have actively participated in board discussion and provided an independent voice on the Board.
- c) They provide a check and balance and bring an element of objectivity to the Board of Directors.
- d) They continue to be scrupulously independent in their thinking and in their effectiveness as constructive challengers of the Chief Executive Officer.

#### Resolution 8

The proposed Resolution 8 will give powers to the Directors to issue up to a maximum ten per centum (10%) of the total number of issued shares of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The Company did not utilise the mandate sought for issue of new shares that was approved by the shareholders on 29 August 2018 which will lapse at the conclusion of the forthcoming Annual General Meeting.

The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with our Personal Data Protection Notice set out in [www.huayang.com.my](http://www.huayang.com.my). Further, you hereby warrant that relevant consent has been obtained for us to process any third party's personal data provided by you in accordance with our said Personal Data Protection Notice.

# PROXY FORM



**HUA YANG BERHAD**  
Company No. 44094-M  
(Incorporated in Malaysia)

\*I/We ..... Company No./NRIC No. (new) .....  
(old) ..... of ..... being a member of **HUA YANG BERHAD** do hereby appoint Mr/Ms ..... of NRIC No. (new) ..... (old) ..... or failing whom ..... NRIC No. (new) ..... (old) ..... or failing whom the Chairman of the meeting as \*my/\*our proxies to vote for \*me/\*us and on \*my/\*our behalf at the Fortieth Annual General Meeting of the Company to be held at the Head Office of the Company at 4<sup>th</sup> Floor, C-21 Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor on Wednesday, 28 August 2019 at 10.30 a.m. and at any adjournment thereof.

\*My/\*Our proxy(ies) is / are to vote as indicated below:-

	Resolutions	For	Against
Resolution 1	<b>ORDINARY BUSINESSES</b> To approve the payment of Directors' fees and meeting attendance allowance of RM721,970 and benefits for the financial year ended 31 March 2019		
Resolution 2	To approve the payment of meeting attendance allowance of RM1,000 per meeting for each Non-Executive Director from August 2019 till July 2020		
Resolution 3	To re-elect Tan Sri Dato' Seri Dr. Ting Chew Peh as Director		
Resolution 4	To re-elect Dato' Tan Bing Hua as Director		
Resolution 5	To re-appoint KPMG PLT as the Auditors of the Company for the ensuing year		
Resolution 6	<b>SPECIAL BUSINESSES</b> To approve the continuation in office of Tan Sri Dato' Seri Dr. Ting Chew Peh as an Independent Non-Executive Director		
Resolution 7	To approve the continuation in office of Dato' Tan Bing Hua as an Independent Non-Executive Director		
Resolution 8	To approve the authority to issue shares pursuant to Sections 75 & 76 of the Companies Act 2016		

[Please indicate with (X) how you wish your vote to be casted. If no specific direction as to voting is given, your proxy will vote or abstain at his discretion].

Dated this ..... day of ..... 2019

Number of shares held	CDS Account No.

.....  
[Signature(s) / Common Seal of Shareholder(s)]

[\*Delete if not applicable]

For appointment of two proxies, percentage of shareholdings to be represented by proxies:		
	No. of shares	Percentage
1 <sup>st</sup> proxy		
2 <sup>nd</sup> proxy		
<b>Total</b>		<b>100%</b>

#### NOTES:

- Only members whose name appear in the Record of Depositors as at 21 August 2019 will be entitled to attend the Annual General Meeting or appoint proxy/proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and vote in his/her stead.
- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/ members of the Company to attend and vote in his/her stead.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each securities account it may hold with ordinary shares of the Company standing to the credit of the said securities account.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy must be deposited at the Registered Office of the Company at C-21, Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor Darul Ehsan at least forty-eight (48) hours before the time appointed for the Meeting or any adjournment thereof.

#### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 July 2019.

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**HUA YANG BERHAD**  
(Company No. 44094-M)  
C-21, Jalan Medan Selayang 1  
Medan Selayang, 68100 Batu Caves  
Selangor Darul Ehsan

1<sup>st</sup> fold here



**Head Office**

GPS : 3.232052, 101.674773  
E-mail : kl@huayang.com.my  
Tel : +603-6188 4488  
Fax : +603-6188 4487

C-21, Jalan Medan Selayang 1  
Medan Selayang, 68100 Batu Caves  
Selangor Darul Ehsan, Malaysia

**Johor Branch**

GPS : 1.545381, 103.656438  
E-mail : jb@huayang.com.my  
Tel : +607-559 1388  
Fax : +607-556 0388

53 & 55, Jalan Besi  
Taman Sri Putri, 81300 Skudai  
Johor Darul Takzim, Malaysia

**Perak Branch**

GPS : 4.5846, 101.087267  
E-mail : ipoh@huayang.com.my  
Tel : +605-254 3812  
Fax : +605-254 2625

123A, Jalan Raja Permaisuri Bainun  
(Jalan Kampar) 30250 Ipoh  
Perak Darul Ridzuan, Malaysia

**Penang Branch**

GPS : 5.3718408, 100.4116534  
E-mail : pg@huayang.com.my  
Tel : +604-386 6138  
Fax : +604-386 6137

Unit 3-07 & 3-08  
Medan Perniagaan Pauh Jaya  
Jalan Baru, 13700 Perai  
Pulau Pinang, Malaysia