



**YNH PROPERTY BHD**  
(561986-V)

Annual  
Report 2016

**CONTENTS**

Notice of Fifteenth Annual General Meeting	2
Annexure A	6
Statement Accompanying Notice of the Fifteenth Annual General Meeting	7
Corporate Information	8
Corporate Structure	10
Profile of the Board of Directors	11
Key Senior Management Profile	13
Financial Highlights	14
Chairman's Statement	15
Management Discussion & Analysis Disclosure	17
Corporate Governance Statement	18
Additional Compliance Information	26
Statement on Risk Management and Internal Control	27
Audit Committee Report	30
Directors' Report	32
Statement By Directors	37
Statutory Declaration	37
Independent Auditors' Report	38
Statements of Profit or Loss and Other Comprehensive Income	43
Consolidated Statement of Financial Position	44
Statement of Financial Position	46
Statements of Changes in Equity	47
Statements of Cash Flows	51
Notes to the Financial Statements	54
Supplementary Information	127
List of Properties	128
Statement of Shareholdings	140
Proxy Form	

## NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held at Hotel Sfera, 2479, Jalan Dato' Yu Neh Huat, Taman Samudera, 32040 Sri Manjung, Perak Darul Ridzuan, Malaysia on Tuesday, 23 May 2017 at 11.45 a.m.

<b>AGENDA</b>	<b>RESOLUTION NO.</b>
1. To receive the Audited Financial Statements for the year ended 31 December 2016, together with the Directors' and Auditors' Reports thereon.	
2. To approve payment of Directors' Fees of RM152,830 in respect of the year ended 31 December 2016.	1
3. To approve payment of Directors' Remuneration (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM250,000 from 1 January 2017 until the next Annual General Meeting of the Company.	2
4. To re-elect the following Director retiring pursuant to the Articles of Association of the Company:  Ding Ming Hea	3
5. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.  Notice of Nomination of Messrs Baker Tilly Monteiro Heng as the new Auditors of the Company, and the intention to propose the following Ordinary Resolution, a copy of which is set out and marked "Annexure A" has been received by the Company:-  "THAT Messrs Baker Tilly Monteiro Heng be appointed as new Auditors of the Company in place of the retiring Auditors, Messrs Baker Tilly AC for the financial year ending 31 December 2017 and to hold office until the conclusion of the next Annual General Meeting. AND THAT authority be and is hereby given for the Directors to determine their remuneration."	4
6. To transact any other business appropriate to an Annual General Meeting.	
7. As Special Business: To consider and, if thought fit, pass the following Resolutions:	
<b>Ordinary Resolution No. 1 - Proposed Renewal of Share Buy Back Authority</b>	5
"That, subject to the Companies Act, 2016, the provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy Back") provided that:-	
i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;	
ii) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy Back shall not exceed the sum of the Retained Profits of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy Back. As at 31 December 2016, the audited Retained Profits of the Company was RM42,850,925; and	

**NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING** (cont'd)

- |  |                              |
|--|------------------------------|
| <ul style="list-style-type: none"> <li>iii) the shares purchased by the Company pursuant to the Proposed Share Buy Back may be dealt with in all or any of the following manner (as selected by the Company):-                             <ul style="list-style-type: none"> <li>a) the shares so purchased may be cancelled; and/or</li> <li>b) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or</li> <li>c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.</li> </ul> </li> </ul> | <p><b>RESOLUTION NO.</b></p> |
|--|------------------------------|

And that any authority conferred by this resolution may only continue to be in force until:

- i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting, whichever occurs first.

And that authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Companies Act, 2016, the provisions of the Memorandum and Articles of Association of the Company and the Main LR and/or guidelines of the Bursa Securities and all other relevant governmental and/or regulatory authorities."

**Ordinary Resolution No. 2 - Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature**

6

"That, subject to the Companies Act, 2016 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or person connected with Directors and/or major shareholders of the Company and/or its subsidiary companies ("Related Parties") as specified in Section 5.2 of the Circular to Shareholders dated 28 April 2017, provided that such arrangements and/or transactions are:

- i) recurrent transactions of a revenue or trading nature;
- ii) necessary for the day-to-day operations;
- iii) carried out on an arm's length basis, in the ordinary course of business and on normal commercial terms which are not more favorable to the Related Parties than those generally available to the public; and
- iv) are not to the detriment of the minority shareholders.

**NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING** (cont'd)

And that the shareholders' mandate, unless revoked or varied by the Company in a general meeting, shall take effect from the date of the passing of this Ordinary Resolution and will continue in force until:

- i) the conclusion of the next Annual General Meeting of the Company at which time it will lapse unless authority is renewed by a resolution passed at the next Annual General Meeting;
- ii) the expiration of the period within which the next Annual General Meeting is to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii) revoked or varied by resolution passed by shareholders in a general meeting before the next Annual General Meeting

whichever is earlier.

And that the Directors of the Company be authorized to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or give effect to the Mandate."

By Order of the Board

**CHAN YOKE YIN**  
**CHENG GHEE CHENG**  
**CHAN EOI LENG**

Company Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia  
28 April 2017

**NOTE:**

- a) A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend, speak and vote instead of him.
- b) A proxy may but need not be a member of the Company and there shall be no restriction as the qualification of the proxy.
- c) 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.
- d) Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- e) The instrument appointing a proxy must be deposited at the registered office of the Company, 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting. All resolutions set out in the Notice of the Meeting are to be voted by poll.
- f) Depositors who appear in the Record of Depositors as at 11 May 2017 shall be regarded as Member of the Company entitled to attend the Fifteenth Annual General Meeting or appoint one or two proxies to attend, speak and vote on his behalf.

## **NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING** (cont'd)

### **EXPLANATORY NOTES TO SPECIAL BUSINESS**

**1) Ordinary Resolution No. 1 -  
Proposed Renewal of Share Buy Back Authority**

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company.

**2) Ordinary Resolution No. 2 -  
Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature**

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company.

### **2016 ANNUAL REPORT**

The 2016 Annual Report is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholders within 4 market days from the date of receipt of the request. Shareholders who wish to receive the printed copy of the Annual Report and who require assistance with the viewing of the CD-ROM, kindly contact Madam Cheng at Tel. No.: 605-5451945

**ANNEXURE A**

**Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT**  
680 Taman Samudera  
Seri Manjung  
32040 Sitiawan

Date: 18 April 2017

The Board of Directors  
**YNH PROPERTY BHD.**  
188 Jalan PPMP 3/3  
Pusat Perniagaan Manjung Point 3  
32040 Seri Manjung

Dear Sirs

**NOTICE OF NOMINATION OF MESSRS BAKER TILLY MONTEIRO HENG AS AUDITORS**

---

I, the undersigned, being a shareholder holding 21,560,450 ordinary shares and representing 4.10% of the share capital of YNH Property Bhd. ("the Company"), hereby give notice of my nomination of Messrs Baker Tilly Monteiro Heng for appointment as new Auditors of the Company for the financial year ending 31 December 2017 in place of the retiring Auditors, Messrs Baker Tilly AC.

Therefore, I propose that the following ordinary resolution be considered at the forthcoming Fifteenth Annual General Meeting of the Company:-

**"THAT Messrs Baker Tilly Monteiro Heng be appointed as new Auditors of the Company in place of the retiring Auditors, Messrs Baker Tilly AC for the financial year ending 31 December 2017 and to hold office until the conclusion of the next Annual General Meeting AND THAT authority be and is hereby given for the Directors to determine their remuneration."**

Thank you.

Yours faithfully,

---

**Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT**

**STATEMENT ACCOMPANYING  
NOTICE OF THE FIFTEENTH ANNUAL GENERAL MEETING  
OF YNH PROPERTY BHD  
PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF  
BURSA MALAYSIA SECURITIES BERHAD**

**1. Director who is standing for re-election**

Ding Ming Hea, who retire pursuant to the Articles of Association of the Company is standing for re-election at the forthcoming Annual General Meeting.

The details of individual standing for re-election as Director is set out in the Profile of Directors and Statement of Shareholdings on page 13 and page 141 of this Annual Report.

**2. Details of attendance of Directors at Board Meetings**

Five (5) Board Meetings were held during the financial year from 1 January 2016 till 31 December 2016:

29 February 2016  
15 April 2016  
27 May 2016  
29 August 2016  
29 November 2016

Details of attendance of directors at the Board Meetings are as follows:

<b>Name of Directors</b>	<b>Number of Meetings</b>	<b>Number of Meetings Attended</b>
Dato' Dr Yu Kuan Chon, DIMP, PPT, MBBS	5	4
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	5	5
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	5	5
Ching Nye Mi @ Chieng Ngie Chay	5	5
Ding Ming Hea	5	5



## CORPORATE INFORMATION

### Directors

Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS  
(Chairman, Executive Director)  
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT  
(Managing Director)  
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP  
(Senior Independent Non-Executive Director)  
Ching Nye Mi @ Chieng Ngie Chay  
(Independent Non-Executive Director)  
Ding Ming Hea  
(Independent Non-Executive Director)

### Audit Committee

Dato' Robert Lim @ Lim Git Hooi, DPMP, JP  
(Senior Independent Non-Executive Director) - Chairman  
Ching Nye Mi @ Chieng Ngie Chay  
(Independent Non-Executive Director) - Member  
Ding Ming Hea  
(Independent Non-Executive Director) - Member

### Remuneration Committee

Dato' Robert Lim @ Lim Git Hooi, DPMP, JP  
(Senior Independent Non-Executive Director) - Chairman  
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT  
(Managing Director) - Member  
Ching Nye Mi @ Chieng Ngie Chay  
(Independent Non-Executive Director) - Member

### Nominating Committee

Dato' Robert Lim @ Lim Git Hooi, DPMP, JP  
(Senior Independent Non-Executive Director) - Chairman  
Ching Nye Mi @ Chieng Ngie Chay  
(Independent Non-Executive Director) - Member

### ESOS Committee

Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT  
(Managing Director) - Member  
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS  
(Executive Director) - Member  
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP  
(Senior Independent Non-Executive Director) - Member  
Ching Nye Mi @ Chieng Ngie Chay  
(Independent Non-Executive Director) - Member  
Ding Ming Hea  
(Independent Non-Executive Director) - Member  
Chan Yan Meng  
(Financial Controller) - Member

### Secretaries

Chan Yoke Yin (MAICSA 7043743)  
Cheng Ghee Cheng (LS 04598)  
Chan Eoi Leng (MAICSA 7030866)

### Registrars

Symphony Share Registrars Sdn. Bhd.  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya,  
Selangor, Malaysia  
Telephone No.: 03-78418000  
Fax No.: 03-78418151/8152

### Registered Office

55A, Medan Ipoh 1A  
Medan Ipoh Bistari  
31400 Ipoh  
Perak Darul Ridzuan, Malaysia  
Telephone No.: 05-5474833  
Fax No.: 05-5474363

### Principal Place Of Business and Head Office

188, Jalan PPMP 3/3  
Pusat Perniagaan Manjung Point 3  
32040 Seri Manjung  
Perak Darul Ridzuan, Malaysia  
Telephone No.: 05-6881128  
Fax No.: 05-6881388  
Email: karsin@streamyx.com  
Website: www.ynhb.com.my

### Sales Office – Kuala Lumpur

Sales Galery  
Unit 03-01D, Level 3  
Lot 163, 10, Jalan Perak  
50450 Kuala Lumpur  
Telephone No.: 03-21637700  
Fax No.: 03-21627770

### Sales Office – Mont' Kiara

Lot No 36-01  
Wisma Rapid  
Jalan 30/70A  
Desa Seri Hartamas  
50480 Kuala Lumpur  
Telephone No: 03-62019213  
Fax No: 03-62018213

### Sales Office – Seri Kembangan

Sfera Residency Sales Gallery  
40-G & 41-G, Block D  
Pusat Perniagaan The Atmosphere  
Jalan Atmosphere 7  
Bandar Putra Permai  
43300 Seri Kembangan, Selangor  
Telephone No: 03-89586858  
Fax No: 03-89499858

## **CORPORATE INFORMATION** (cont'd)

### **Sales Office – Ipoh**

10, Jalan Medan Ipoh 3  
Bandar Medan Ipoh Baru  
31400 Ipoh  
Perak Darul Ridzuan, Malaysia  
Telephone No.: 05-5451945  
Fax No.: 05-5451945

### **Auditors**

Baker Tilly AC  
Baker Tilly MH Tower  
Level 10, Tower 1, Avenue 5  
Bangsar South City  
59200 Kuala Lumpur  
Malaysia.

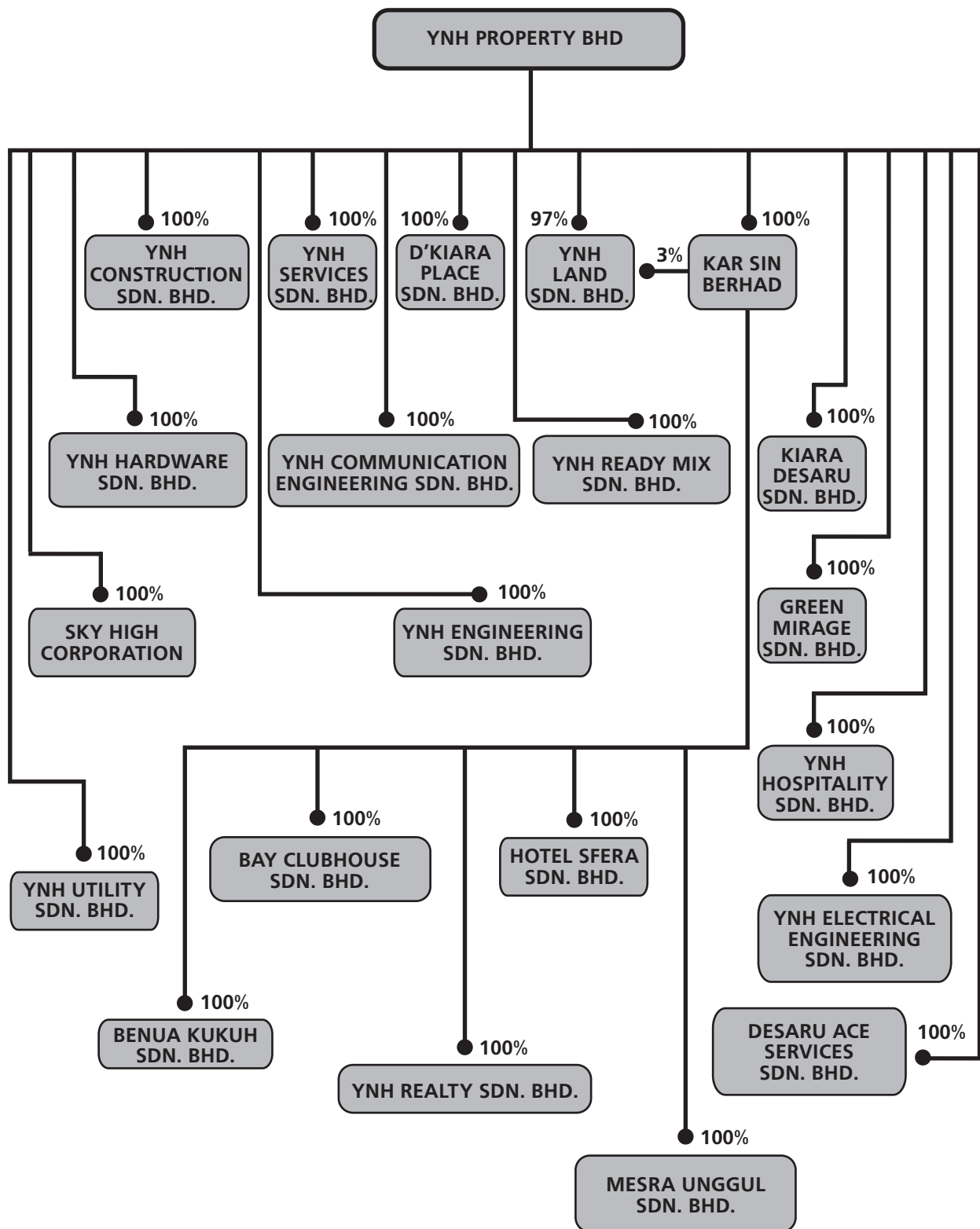
### **Principal Bankers**

Alliance Bank Malaysia Berhad  
AmBank (M) Berhad  
Bank Islam Malaysia Berhad  
CIMB Bank Berhad  
Hong Leong Bank Berhad  
HSBC Bank Malaysia Berhad  
Malayan Banking Berhad  
OCBC Bank (Malaysia) Berhad  
Public Bank Berhad  
Public Investment Bank Berhad  
RHB Bank Berhad  
United Overseas Bank (Malaysia) Bhd.

### **Stock Exchange Listing**

Bursa Malaysia Securities Berhad  
Main Market

CORPORATE STRUCTURE



## PROFILE OF THE BOARD OF DIRECTORS

**DATO' DR. YU KUAN CHON**, DIMP, PPT, MBBS

55 years of age

Malaysian, Male

*Chairman, Executive Director*

*Member, ESOS Committee*

He was appointed to the Board of the Company on 3 September 2003 and subsequently as Chairman of the Company on 20 February 2004. After graduating with a medical degree in 1988, he started work as a houseman in Klang and continued as a medical officer a year later. Subsequently, he has also served as a medical officer in Ipoh and Taiping hospital, Perak. In 1995 he left the government service and started assisting the family business.

He is also a Non-Executive and Non-Independent Director of Rapid Synergy Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

He has attended four (4) out of the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2016.

He is the brother of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT. He is also a substantial shareholder of the Company.

He has not been convicted of any offences in the last five years.

---

**DATO' YU KUAN HUAT**, DPMP, PMP, AMP, PPT

59 years of age

Malaysian, Male

*Managing Director*

*Member, Remuneration Committee*

*Member, ESOS Committee*

He was appointed to the Board of the Company on 3 September 2003 and subsequently as Managing Director on 8 October 2003. Prior to his appointment to the Board of the Company, he was a Managing and Founder Director of Kar Sin Berhad, which is now a wholly owned subsidiary of the Company. He has over 30 years of experience in property development, construction, money lending and aquaculture.

He is an Alternate Director to Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS of Rapid Synergy Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

He has attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2016.

He does not hold any directorship in any other public listed company. He is also a substantial shareholder of the Company. He and Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS are brothers.

He has not been convicted of any offences in the last five years.

---

**PROFILE OF THE BOARD OF DIRECTORS** (cont'd)**DATO' ROBERT LIM @ LIM GIT HOOI**, DPMP, JP

78 years of age

Malaysian, Male

*Senior Independent and Non-Executive Director*

*Chairman, Audit Committee*

*Chairman, Nominating Committee*

*Chairman, Remuneration Committee*

*Member, ESOS Committee*

He was appointed to the Board of the Company on 3 September 2003 and subsequently appointed as the Senior Independent and Non-Executive Director of the Company on 17 May 2004. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Prior to his appointment to the Board of the Company, he was a partner in Ernst & Young. He also sits on the Board of Gopeng Berhad as an Independent Director. He also holds directorships in several other private limited companies.

He has attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2016.

He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted of any offences in the last five years.

---

**CHING NYE MI @ CHIENG NGIE CHAY**

70 years of age

Malaysian, Male

*Independent and Non-Executive Director*

*Member, Audit Committee*

*Member, Nominating Committee*

*Member, Remuneration Committee*

*Member, ESOS Committee*

He was appointed to the Board and Audit Committee of the Company on 3 September 2003. He has graduated with a Bachelor of Arts (Econs) from University Malaya in 1971. Prior to his appointment to the Board of the Company, he was a bank manager of Public Bank Berhad before his retirement in August 2002. He has over 31 years of professional experience in all aspects of the banking industry.

He is also an Independent and Non-Executive Director of Rapid Synergy Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

He has attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2016.

He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted of any offences in the last five years.

**PROFILE OF THE BOARD OF DIRECTORS** (cont'd)**DING MING HEA**

53 years of age

Malaysian, Male

*Independent and Non-Executive Director*

*Member, Audit Committee*

*Member, ESOS Committee*

He was appointed to the Board and Audit Committee of the Company on 1 December 2007. He obtained a Bachelor of Science in Mathematics from Universiti Kebangsaan Malaysia and a Degree in Law in the United Kingdom. He was called to the Bar of England and Wales by the Honourable Society of Gray's Inn, London in 1990 and was admitted as an advocate and solicitor of the High Court of Malaya in 1992. In 1993, he obtained a Master of Laws (LL.M)-Corporate and Commercial Law from King's College London, University of London, United Kingdom. Presently, he is a partner of a legal firm, Nor Ding & Co.

He is also an Independent and Non-Executive Director of Rapid Synergy Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

He has attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2016.

He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted of any offences in the last five years.

**KEY SENIOR MANAGEMENT PROFILE**

**DATO' YU KUAN HUAT**, DPMP, PMP, AMP, PPT

Managing Director

Malaysian, Male, aged 59

(Please refer to his profile as listed in Directors' Profile)

**DATO' DR. YU KUAN CHON**, DIMP, PPT, MBBS

Executive Director

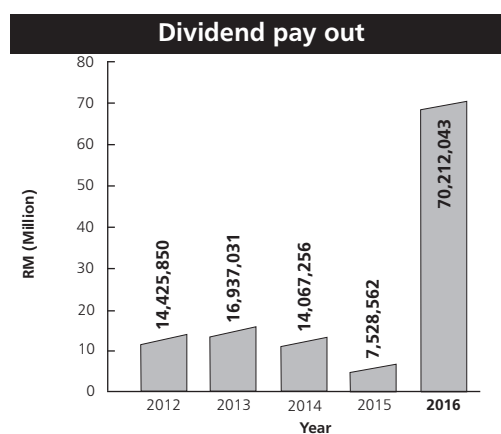
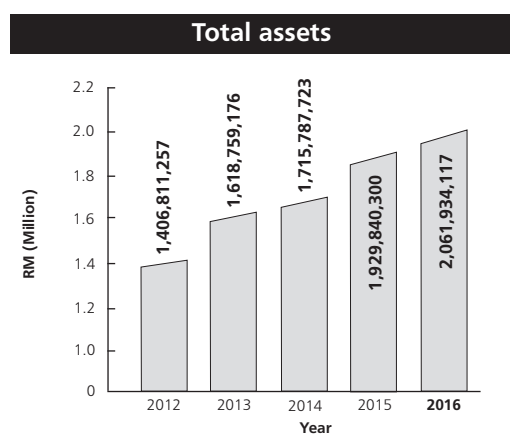
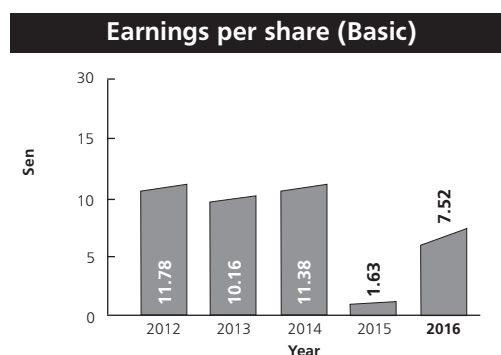
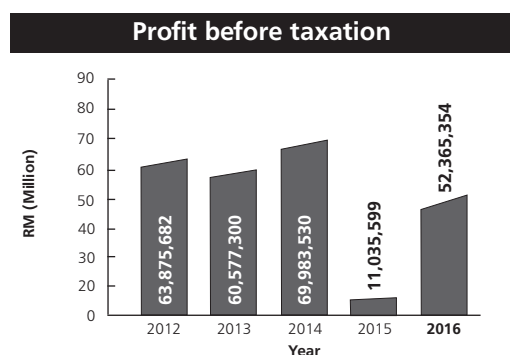
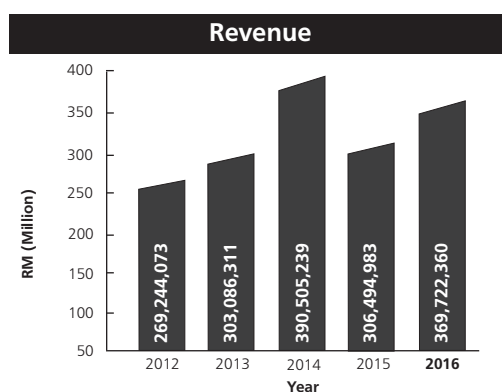
Malaysian, Male, aged 55

(Please refer to his profile as listed in Directors' Profile)

## FINANCIAL HIGHLIGHTS

### FIVE YEARS FINANCIAL HIGHLIGHTS

	2012	2013	2014	2015	2016
Revenue (RM)	269,244,073	303,086,311	390,505,239	306,494,983	369,722,360
Profit before taxation (RM)	63,875,682	60,577,300	69,983,530	11,035,599	52,365,354
Earnings per share (Basic) -Sen	11.78	10.16	11.38	1.63	7.52
Total assets (RM)	1,406,811,257	1,618,759,176	1,715,787,723	1,929,840,300	2,061,934,117
Dividend pay out (RM)	14,425,850	16,937,031	14,067,256	7,528,562	70,212,043



## CHAIRMAN'S STATEMENT

### Dear Valued Shareholders,

On behalf of the Board of Directors of YNHP, I hereby present the Annual Report and Audited Financial Statements of the Company and its subsidiaries ("Group") for the financial year ended 31 December 2016.

The year under review had been a challenging one due to a more competitive playing field together with cooling measures being enforced by the central bank to reduce speculation in the property market in Malaysia. Furthermore, Malaysia's economy also suffered with the negative outlook on the Ringgit and also negative news by media.

The above negative outlook added further pressure and challenges to the property sector in Malaysia.

However, notwithstanding the challenges faced by the Company, I am pleased to report that YNH Property Bhd ("YNHP" or the "Company") managed to stay profitable with YNHP Group registering a total revenue of RM369.7 million in the Financial Year Ended 31 December 2016 ("FYE 2016") and Profit Before Taxation ("PBT") of RM52.3 million for FYE 2016.

For the financial year ended 31 December 2016, the Company had continued to focus on its projects in the Klang Valley and also in Seri Manjung.

### ***Development Projects in the Klang Valley***

#### ***Kiara 163, Mont Kiara***

The 6-acre mixed/development project in Mont Kiara, Kiara 163, was re-launched early 2016 had managed to get an encouraging take-up rate for the Small Office Versatile Office ("SOVO") commercial units.

The Kiara 163 Retail is also marketed by a leading retail consultant with a few international brands coming in as the anchor tenants. The concept for the Kiara 163 Retail is a lifestyle neighborhood mall for the convenience of the residents surrounding Mont Kiara.

In terms of the stage of construction, the Company had completed the substructure works and is currently working on building the superstructure for the Retail and also the SOVO as Phase 1. The Hotel Suites will be part of the 2nd Phase of the project.

#### ***Sfera Residensi, Puchong South***

The project in Puchong South called Sfera Residensi is one of the project that the Company is focusing on in the Klang Valley. This project is targeting a different group of purchasers/ buyers due to its attractive pricing. It is also part of the Company strategy to foray into the medium cost apartments range due to the more difficult and challenging economic conditions.

Sfera Residensi, though priced attractively, is very well located next to Giant Hypermarket in Seri Kembangan and also the retail shops nearby. It is also accessible to a number of highways, namely, the NKVE, LKSA, SILK and more recently a new access to the MEX highway. Further, the proposed MRT extension will include a station next to the development.

The sales have been very encouraging for both the commercial shop offices and the apartments.

The piling and substructure works for the project had already been completed. Currently, the Company is busy focusing on the superstructure works for this project.



## **CHAIRMAN'S STATEMENT** (cont'd)

### ***Development Projects in Perak***

The Group's other current on-going projects in Perak include Taman Desa Manjung, Desa Manjung Point, Pusat Perniagaan Manjung Point 3, Taman Sejati, Medan Makmur Jaya and Manjung Apartment.

### **Acknowledgement**

On behalf of the Board, I would like to thank the management team and all employees for their continuous effort, commitment and support during the year. I would also like to express my appreciation to our valued customers, bankers and other business associates for their support and co-operation. To our valued shareholders, I would like to thank them for their faith in us.

Last but not least, I would like to extend my sincere appreciation to my fellow Board members for their continued support, guidance and contribution to the Group.

**DATO' DR. YU KUAN CHON**, DIMP, PPT, MBBS  
Chairman

## MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE

For the year 2016, sales contribution were mainly derived from the progressive sales of commercial properties at Manjung Point Township (adjacent to AEON Shopping Mall), progressive sales of inventories in Ceriaan Kiara (Mont Kiara, Kuala Lumpur) and progressive sales of development projects in Manjung Point Township.

Sales from the Company's projects such as the balance units of Fraser Residence Kuala Lumpur (188 Suites), Kiara 163, Sfera Residensi, Manjung Commercial Shoplots and Manjung Point Township residential units (Seri Manjung, Perak) will continue to contribute strongly to the Group's income. As such, the Board is cautiously optimistic of the Group's prospect for 2017.

The Board is optimistic of our Kiara 163 mix development project, with a total internal targeted GDV of approximately RM1.2 billion, will contribute positively to the Group's earnings in 2017 and 2018.

The Board is also optimistic of another project in the Klang Valley, Sfera Residensi in Puchong South, a medium cost residential apartment of 483 units will continue to have good sales due to the attractive pricing and also good accessibility.

The internal targeted GDV for Sfera Residensi is approximately RM425 million. The Board is confident that this development will contribute positively to the Group's earnings in 2017 and the next few years.

Furthermore, the Group's township development in Seri Manjung of approximately 700 acres will continue to contribute to the Group's profit for the next 20 to 30 years.

In addition, with AEON Seri Manjung and Pantai Hospital Seri Manjung currently fully operational together with the planned development of an international school, this will further improve the value of the Company's existing and future developments of this township.

Last but not least, a prestigious project planned for the immediate future by YNHP is the Menara YNH development. The commercial development sits on approximately 3 acres of land on Jalan Sultan Ismail, which is located within the Golden Triangle area of Kuala Lumpur city centre. The location of Menara YNH offers easy accessibility and close proximity to public transport facilities. This development has an internal targeted GDV of approximately RM2.3 billion.

The Menara YNH mixed development will comprise of the following mix, hotel, service apartments and shopping mall. Contribution from this project which includes rental income is expected to contribute positively to the Group's future earnings.

The sale of Pantai Hospital Manjung to Pantai Medical Centre will contribute to the profit of Year 2017 and also improve the cash flow of the Group.

## CORPORATE GOVERNANCE STATEMENT

The Board is committed to ensuring that good corporate governance is practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the long-term financial performance of the Group. The Board acknowledged and welcome the implementation towards achieving the objectives of the Code.

The Board is pleased to report on the manner the Group has complied with the relevant principle and recommendations of good governance as set out in the Malaysian Code on Corporate Governance 2012 (the Code) pursuant to Paragraph 15.25 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (the Main Market Listing Requirements) as set out below. The Board having duly considered the rationale for the said exception as explained in this Annual Report.

### 1. Board of Directors

#### Principal Responsibilities

The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Group. The following are specific areas of responsibilities of the Board:-

- Strategic plan of the Group
- Monitoring the conduct and management of the Group's business
- Identification of risks and ensure appropriate systems for risk management
- Succession planning for senior management
- Internal control system
- Developing and implementing an investor and shareholders communication policy

The Board shall meet at least four (4) times a year at quarterly intervals with additional meetings convened as necessary. Five (5) Board Meetings were held during the financial year ended 31 December 2016. Details of attendance of Directors at the Board Meetings are presented in the Statement Accompanying the Notice of the Fifteenth Annual General Meeting.

#### Board Charter and Code of Conduct

The Board has adopted a Charter, which sets out the Board's strategic intent and outlines the Board's roles and responsibilities including the vision and mission and principles of the Company and the policies and strategy development of the Group. The Charter also serves as a source of reference and primary induction literature, providing insights to new Board members.

The Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board has reviewed the Board Charter of the Company recently and has updated on the Company's website.

The Board has also approved a Code of Conduct for Directors and Employees which sets out the standards of ethics and good conduct expected to comply in relation to the affairs of the Company's business when dealing with each other, shareholders and the boarder community.

The Board Charter and the Code of Conduct are made available at the Company's website at [www.ynhb.com.my](http://www.ynhb.com.my).

#### Supply of information

All Directors have unhindered access to the advice and services of the Company Secretary who is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with. All Directors also have access to all information within the Group.

A formal procedure shall be implemented to enable the full Board or in their individual capacity to take independent professional advice at Group's expense in furtherance of their duties.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 2. Board composition and balance

The Company is currently led by a Board comprising five (5) members, one (1) of whom is the Executive Chairman and one (1) is the Managing Director whilst the remaining three (3) are Independent Non-Executive Directors. The Board has reviewed the composition of its members which comprised five (5) and has decided to keep the Board members to five (5) having regards to the current level of activities.

There is a Board balance of Executive Directors and Independent Non-Executive Directors with at least half (1/2) of the Board consisting of Independent Non-Executive Directors. Together, the Directors bring a wide range of business and financial experience relevant to the direction of the Group.

There is a clear division of responsibility between the Chairman and Managing Director to ensure a proper balance of power and authority. The Managing Director has overall responsibilities over the operating units, organisational effectiveness and implementation of Board policies and decisions. The Chairman's responsibility is to ensure effectiveness and conduct of the Board. The presence of three (3) Independent Non-Executive Directors fulfil a pivotal role in corporate accountability. Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors are particularly important as they provide unbiased and independent views, advice and judgment.

Dato' Robert Lim @ Lim Git Hooi, DPMP, JP acts as the Senior Independent Non-Executive Director. Any concerns relating to the Group may be conveyed to him.

### 3. Appointments to the Board

The Board has set up a Nominating Committee on 20 February 2004 with the responsibility for proposing new nominees for the Board and for assessing Directors on an on-going basis. Nevertheless, the actual decision as to who shall be appointed should be the responsibility of the entire Board after considering the recommendations of the Nominating Committee.

### 4. Directors training

The Board has undertaken an assessment of the training needs of each Director. All Directors have complied with the Continuous Training Programme prescribed by Bursa Malaysia Securities Berhad and during the financial year, the following training programmes and seminars were attended by the Directors:-

- In house trainings by all Directors:
  - a) Minority Rights, Remedies and Oppression and Shareholders' Activism.
  - b) Proposed Companies Act 2016 – Changes And Its Impact.
  - c) Keys Amendments To Listing Requirements 2016 & Disclosure Issues.
  - d) Share Capital at no Par Value, Share Buybacks and Redeemable Preference Shares – Accounting Implication.
- Ding Ming Hea has also attended the following trainings jointly organised by Bar Council & Islamic Banking and Finance Institute Malaysia:
  - a) Philosophy and Fundamentals of Shariah for Islamic Finance.
  - b) Ethics in Islamic Finance.
  - c) Application of Shariah in Islamic Finance.
  - d) Islamic Finance Architecture.
  - e) Legal Aspects and Governance for Islamic Finance.

The Directors will continue to undergo training and other relevant programmes to further enhance their skills and knowledge where relevant.

### 5. Re-election of Directors

In accordance with the Articles of Association of the Company, all Directors who are appointed by the Board are subject to re-election at the next Annual General Meeting immediately after appointment and at least one-third (1/3) of the Directors are subject to re-election by rotation at each Annual General Meeting. The Constitution also provide that all Directors shall retire at least once in each three (3) years.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 6. Investor relations and shareholder communication

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company. Announcements and release of financial results on a quarterly basis provide the shareholders and the investing public with an overview of the Group's performance and operations. These are available in the Bursa Malaysia Securities Berhad website and provides an avenue to its shareholders to receive information about the Group electronically.

### 7. The AGM

The Annual General Meeting which is held each year (not later than 30 June each year), provides a means of communication with shareholders. A copy of the Annual Report and notice of AGM are sent to all shareholders at least twenty-one (21) days before the AGM. Members of the Board as well as the Auditors of the Company are present to answer questions raised at the meeting.

Each item of special business included in the notice of meeting will be accompanied by a full explanation of the effects of the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

Shareholders are also informed and invited to attend any Extraordinary General Meetings through circulars and notice of meeting where the Board is available to respond to shareholders' questions during the meeting.

As stipulated in the Main Market Listing Requirements, voting of all resolutions at general meetings shall be carried out by way of poll.

At all times shareholders may contact the Company through the Company Secretary for information.

### 8. Corporate social responsibility statement

In the midst of pursuing business objective and striving to enhance shareholders' value of the Company, the Board of Directors has also dedicated to assist the local community and the general public to create a harmonious and pleasant living environment. The Company has ensured that, in achieving such objectives, the benefit shall not only include its shareholders but also its employees, the community and the environment. During the year the Group has contributed to the local community through Dato' Yu Neh Huat Foundation which is a trust maintained and operated by the controlling shareholder of the Company.

Dato' Yu Neh Huat Foundation ("the Foundation") is dedicated to the advancement of education and religion, relief of poverty, promotion of activities for the benefit and advancement of the sports, culture and art and for the benefit and preservation of the environment, nature and wildlife and specific for purposes beneficial to the local community mainly in the District of Manjung, Perak.

The Foundation has donated to Old Folks Home in Kg Cina, Community Centre, Temples, Sports Associations and various local schools in the District of Manjung. The Foundation also continues to provide scholarships to qualified students from the lower income group of society.

The Group emphasizes the need for safety and ethics not only in the work place but also in the products that it delivers. The Group also provide industrial training to technical students from various colleges and universities for a period of three to six months.

During the year, the Group has contributed an amount of RM90,000 to "Persatuan Bolasepak Perak Darul Ridzuan" for the development of sports in Malaysia. The Group has also donated to Medical Foundation and various Temples funds.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 9. Financial reporting

The Company's financial statements are prepared in accordance with the requirements of applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The Board is responsible to ensure that the financial statements of the Company present a balanced and understandable assessment of the state of affairs of the Company. The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy and adequacy. In this respect, it is the Board's policy to ensure the accurate and timely dissemination of financial and corporate announcements for greater accountability and transparency. Such announcements are made to Bursa Malaysia Securities Berhad promptly upon the Board's approval.

### 10. Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial period and of their profit or loss and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

### 11. Risk Management and Internal control

The Board recognises the importance of sound risk management and internal controls practices to good corporate governance. In this respect, the Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems.

The Board has established a Risk Management Committee in 2005 that comprises the Managing Director and all senior management to assess the various types of risks which might have an impact on the profitable operation of the Group's business.

The Statement on Risk Management and Internal Control furnished on pages 27 to 29 of the Annual Report provides an overview on the state of risk management and internal controls within the Group.

### 12. Relationship with the auditors

The Company has always maintained a formal and transparent relationship with the external auditors in seeking professional advice and ensuring compliance with approved accounting standards. Both the external and internal auditors will meet the Board at least twice a year for the presentation of audit plan and results of audit when the annual financial statements are presented to the Directors. Annual appointment or re-appointment of the external auditors is by shareholders' resolution at the AGM on the recommendation of the Board. Annual appointment or re-appointment of the internal auditors is made by the Board on the Audit Committee's recommendation.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 13. Board Committees

The Board has established four committees to assist the Board in discharging certain responsibilities and duties. The establishment of these Board Committees further enhance the effectiveness of the Board in decision making.

#### a) Audit Committee

The Audit Committee is made up of three (3) Independent Non-Executive Directors. The Terms of Reference of the Audit Committee regulates the conduct of the members. The members are empowered to review the financial statements of the Group and deliberate on any audit finding from both the external and internal auditors arising from the Group's financial statements and any issues raised by the external and internal auditors.

The Committee has full access to both internal and external auditors. These auditors in turn have access at all times to the Chairman of the Audit Committee.

The Audit Committee Report is set out on pages 30 to 31 of the Annual Report.

#### b) Nominating Committee

The members of the Nominating Committee are:-

Chairman	:	Dato' Robert Lim @ Lim Git Hooi, DPMP, JP (Senior Independent Non-Executive Director)
Members	:	Ching Nye Mi @ Chieng Ngie Chay (Independent Non-Executive Director)

#### Terms of Reference

##### Composition

The Nominating Committee comprised two (2) members all of which are non-executive directors.

##### Functions

The functions of the Nominating Committee shall include the following:

- a) recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board.
- b) consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder.
- c) recommend to the Board, Directors to fill the seats on Board Committees.
- d) the Board, through the Nominating Committee, should review annually its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board. This should be disclosed in the Annual Report.
- e) the Board should implement a process, to be carried out by the Nominating Committee annually, for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director.
- f) training and orientation of directors.
- g) in connection with the Remuneration Committee, succession plan for senior officers and key group managers.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 13. Board Committees (cont'd)

#### b) Nominating Committee (cont'd)

##### Activities

The activities of the Nominating Committee during the financial year are as follows:

- Reviewed and assessed the independence of Independent Directors and tenure or service.
- Reviewed and assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.
- Reviewed the mix of skills and experience and other qualities of the Board.
- Assessed Directors' training needs to ensure all directors receive appropriate continuous training programmes.

#### c) Remuneration Committee

The members of the Remuneration Committee are:

Chairman : Dato' Robert Lim @ Lim Git Hooi, DPMP, JP  
(Senior Independent Non-Executive Director)

Members : Ching Nye Mi @ Chieng Ngie Chay  
(Independent Non-Executive Director)

Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT  
(Managing Director)

##### Terms of Reference

##### Composition

The Remuneration Committee comprise three (3) members, the majority of whom are Non-Executive Directors.

##### Functions

The functions of the Committee shall include the following:

- a) to recommend to the Board the remuneration of the Executive Directors in all its forms, drawing from outside advice as necessary. Executive Directors should play no part in decisions on their own remuneration.
- b) to recommend to the Board the determination of remuneration packages of Non-Executive Directors, including the Non-Executive Chairman. The individuals concerned should abstain from discussion on their own remuneration.
- c) establish a formal and transparent procedure for developing policy on executive directors remuneration and for fixing the remuneration packages of individual Director.
- d) disclose in the Annual Report the details of the remuneration of each Director.
- e) compensation policies and programme.
- f) in conjunction with the Nominating Committee, succession planning for senior officers, key group managers and staff.
- g) employee compensation and benefits programme.

During the financial year, a Remuneration Committee Meeting was held on 29 February 2016.

The remuneration of each Director reflects the level of responsibility and commitment, which goes with Board membership. The Board determines the remuneration of each Director. It is the Board's or Committee's duty to ensure that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully. The Executive Directors play no parts in deciding their own remuneration and the respective Board members shall abstain from all discussion pertaining to their remuneration.

The fees for Directors, are endorsed by the Board for approval by the shareholders at the Annual General Meeting prior to payment to the Directors.



## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 13. Board Committees (cont'd)

#### c) Remuneration Committee (cont'd)

##### Terms of Reference (cont'd)

##### Functions (cont'd)

The details of the remuneration for Directors of the Company and Group received or receivable for the financial year ended 31 December 2016 by category and in bands of RM50,000 and RM500,000 are as described below:-

Range of remuneration per annum	No. of Directors (Executive)	No. of Directors (Non-Executive)
<b>Company and Group</b>		
RM50,001 to RM100,000	-	2
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	-	-
RM5,000,000 to RM5,500,000	-	-
RM5,500,001 to RM6,000,000	2	-

The remuneration packages of the Directors are as follows:-

Remuneration packages	Total per annum for the financial year ended 31 December 2016	
	Executive Directors RM	Non-Executive Directors RM
<b>Company and Group</b>		
Fees	-	152,830
Salaries & other emoluments	11,193,658	150,408
Benefits-in-kind	15,300	-
<b>TOTAL</b>	<b>11,208,958</b>	<b>303,238</b>

#### d) Employees' Share Option Scheme (ESOS) Committee

The ESOS Committee was established on 23 June 2004. The ESOS Committee is given full power to administer the Scheme in such manner as it shall in its entire discretion deem fit and in accordance with the terms and conditions as set out in the bye-laws of the Scheme including setting and amending any regulations as allowed under the bye-laws. The ESOS Committee comprises Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT, Dato' Dr Yu Kuan Chon, DIMP, PPT, MBBS, Dato' Robert Lim @ Lim Git Hooi, DPMP, JP, Ching Nye Mi @ Chieng Ngie Chay, Ding Ming Hea and Chan Yan Meng.

### 14. Compliance with the Code

The Group has complied with the relevant principle and recommendations of good governance as contained in the Code other than those exception set out below. The reasons for such non-compliances are as follows:

- a) The Chairman must be of a non-executive member of the Board. However, the Nominating Committee have assessed, reviews and determined that the chairmanship of Dato' Dr Yu Kuan Chon, DIMP., PPT, MBBS remains based on the following justifications and aspects contributed by Dato' Dr Yu Kuan Chon, DIMP, PPT, MBBS, as a member of the Board:
  - His vast experience in managing the operations of the Group's property investments, property development, constructions and hotel enable him to provide the Board with a diverse set of experience, expertise and skills to better manage and run the Group.
  - He has exercised his due care in the interest of the Company and shareholders during his tenure as an Executive Chairman of the Company.
  - He has provided objectivity in decision making and ensured effective check and balance in the proceedings of the Board.

**CORPORATE GOVERNANCE STATEMENT** (cont'd)**14. Compliance with the Code** (cont'd)

- b) The tenure of an independent director should not exceed a cumulative term of 9 years. However, the Nomination Committee and Board have determined at the annual assessment carried out that Dato' Robert Lim @ Lim Git Hooi, DPMP, JP, Ching Nye Mi @ Chieng Ngie Chay and Ding Ming Hea, who have served on the Board for more than 9 years, remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committee. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of the Company. Dato' Robert Lim @ Lim Git Hooi, DPMP, JP, Ching Nye Mi @ Chieng Ngie Chay and Ding Ming Hea have been demonstrably independent in carrying out their roles as Members of the Board and Board Committees.

Dato' Robert Lim @ Lim Git Hooi, DPMP, JP has also notably fulfilled his roles as Chairman of the Audit Committee

The Board has also determined not to seek shareholders' approval and retained Dato' Robert Lim @ Lim Git Hooi, DPMP, JP, Ching Nye Mi @ Chieng Ngie Chay and Ding Ming Hea to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

(a) Dato' Robert Lim @ Lim Git Hooi, DPMP, JP

- i) He fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and thus he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.
- ii) His vast experience in accountancy, taxation and financial consultancy enabled him to provide the Board with a diverse set of experience, expertise and independent judgment.
- iii) He has performed his duty diligently and in the best interest of the Company as required by the Code as an Independent Director and provides a broader view, independent and balanced assessment of proposals from the management.

(b) Ching Nye Mi @ Chieng Ngie Chay

- i) He fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and thus he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.
- ii) His vast experience in banking industry enabled him to provide the Board with a diverse set of experience, expertise and independent judgment.
- iii) He has performed his duty diligently and in the best interest of the Company as required by the Code as an Independent Director and provides a broader view, independent and balanced assessment of proposals from the management.

(c) Ding Ming Hea

- i) He fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and thus he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.
- ii) His vast experience in legal profession enabled him to provide the Board with a diverse set of experience, expertise and independent judgment.
- iii) He has performed his duty diligently and in the best interest of the Company as required by the Code as an Independent Director and provides a broader view, independent and balanced assessment of proposals from the management.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. Utilisation of Proceeds

The Company did not raise funds through any corporate proposal during the financial year.

### 2. Auditors' Remuneration

The Auditors' Remuneration of the Company and Group for the financial year ended 31 December 2016 is as follows:

	<b>Audit Fees (RM)</b>	<b>Non-Audit Fees (RM)</b>
Company	54,500	18,500
Group	252,800	18,500

### 3. Material Contracts

There were no material contracts, entered into or loan made by the Company and its subsidiaries, involving Directors' and substantial shareholders' either still subsisting at the end of the financial year 31 December 2016 or entered into since the end of the previous financial year.

### 4. Revaluation of Landed Properties

There were no revaluations of landed properties during the financial year.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### *Introduction*

Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements require the Board of Directors of public listed companies to include in its annual report a statement about the state of internal control of the listed issuer as a group.

The Board of Directors is committed to maintain a sound system of risk management and internal control in the Group and is pleased to provide the following statement which has been prepared in accordance with the Guidelines for Directors of Listed Issuers on the Statement on Risk Management & Internal Control.

### *Key Elements Of Risk Management and Internal Control*

The Board has overall responsibility for the Group's risk management and system of internal control and for reviewing its adequacy and integrity to safeguard shareholders' investment and Group's assets. The Board has received assurance from the Group Managing Director and Group Financial Controller that the Group's risk management and internal control system is operating adequately. The Board's responsibility covers not only financial controls, but also relating to operational risk management and compliance with applicable laws and regulations and guidelines set by the authorities.

However, because of the limitations that are inherent in any internal control, it should be noted that such system is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide a reasonable assurance against material misstatement. The Directors have established the following operational framework to provide an adequate internal control system.

- The Board meet at least quarterly and have set a schedule of matters to be deliberated during the Board meeting to ensure that that Board maintain full and effective supervision over the control processes.
- The Group operates within an organizational structure with defined lines of responsibilities and accountabilities. A procedural and hierarchical reporting has been established which provides for a documented and auditable trail of accountability.
- The Group's risk management process identifies the principal business risks. The Management is responsible for the identification and evaluation, on an on-going basis, of significant risks inherent to the business. Appropriate action plans are developed to mitigate the key risk areas. Management meetings will be conducted to schedule available resources to address the identified risks within the risks management process.
- The Audit Committee provides assistance to the Board of Directors in fulfilling its overall responsibilities. The Audit Committee reviews the internal audit plan for the year, and reviews the action taken on internal control issues identified in the reports prepared by the Internal Auditor.
- The Group outsourced its Internal Audit Function to an accounting firm and the Internal Auditors, which report directly to the Audit Committee, performed reviews on the effectiveness of the current controls in place and highlighted key risk areas affecting the Group as well as made practical recommendations to address any potential weaknesses. The Internal Audit Function carries out the audit on rotational basis to cover selected areas and companies in every audit. The Audit Committee has full access to the service and advice of the internal auditors and the Audit Committee, together with the Management, reviewed the issues identified by the Internal Auditors and external auditors and ensured that all practical recommendations, agreed to by the Management, are implemented. In year 2016, the Internal Audit Function reviewed the property development and hospitality segments covering the following areas, amongst others:

**STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL** (cont'd)**Key Elements Of Risk Management and Internal Control** (cont'd)

- Review of the control over expenditure cycle of a subsidiary to ensure the adequacy of internal controls and compliance with existing policies and procedures for purchases and payments.
- Follow up audits on the implementation status of agreed recommendations made on Control Over Expenditure Cycle of a subsidiary.
- Follow up audits on the Review of Procedures for Related Party Transactions.
- Review the adequacy and effectiveness of system of internal control over Kiara 163 Project, covering area of sales, construction progress claim, accounting of sales and construction progress claims and liquidated ascertained damages.
- Follow up audit on Fraser Residence Operations and to review the status of implementation of agreed recommendations.
- Review of Financial Reporting by Subsidiaries to assess the adequacy and effectiveness of finance department organization structure and staff resources towards ensuring accurate submission of financial report in a timely manner.

**Risk Management**

The Group has established appropriate risk management infrastructure to ensure that the Group assets are protected and shareholders' value are enhanced. The Group had a Risk Management Committee ("RMC"), which is chaired by the Group Managing Director, Dato Yu Kuan Huat, DPMP, PMP, AMP, PPT, and attended by the assistant to the Managing Director, Group Financial Controller, and all head of departments. RMC is given the task of implementing and maintaining the appropriate risk management framework to achieve the following objectives:

- Identify business risks/threats and monitor significant risks in an effective manner
- To carry out review and reporting on key risk areas, at least once every year

Risk assessment, monitoring and review of the various risks are on on-going process with RMC playing a vital role. The RMC meeting is conducted at least once a year to review the key risk profile that may impact the implementation and completion of the projects and report the findings direct to the Audit Committee. The risk assessment, monitoring and review process has been in place for the year under review up to the date of approval of this statement for inclusion in the annual report.

**Monitoring And Review Of The Adequacy And Integrity Of The System Of Internal Control**

The procedures adopted by the Group to review of the adequacy and integrity of the system of internal control include:

- Confirmation and assurance by the Managing Director/Head of RMC on the effectiveness of the system of internal control, highlighting potential risk areas and weaknesses in management control.
- Examination on the control procedures by internal audit function, which are carried out and report the findings directly to Audit Committee.

**STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL** (cont'd)***Weaknesses In Internal Control And Risk Management That Result in Material Losses***

There were no material losses incurred during the financial year under review as a result of weaknesses in internal control.

The Board concurs that the system of internal control will continue to be reviewed, added on or updated in line with the changes in the operating environment. The Board will continue to seek regular assurance on the effectiveness of the internal control system through the work carried out by internal auditors. The monitoring, review and reporting arrangement in place provide a reasonable assurance that the control procedures and risk management are appropriate to the Group's operation and that risks are at an acceptable level. The Board is of the view that the existing system of internal control and risk management is adequate and effective to safeguard the Group's assets at the existing level of operations of the Group.

***Review of the statement by external auditors***

As required by paragraph 15.23 of Bursa Securities Listing Requirements, the external auditors have conducted a limited assurance engagement on this Statement on Risk Management and Internal Control. Their limited assurance engagement was performed in accordance with ISAE3000 (Revised). Assurance Engagement other than Audits or Review of Historical Financial Information and Recommended Practice Guide ("RPG") 5 (revised 2015). Guidance for Auditors on the Review of Directors' Statement on Internal Control included in the Annual Report.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidance for Directors of Listed Issuers to be set out, nor is factually inaccurate. RPG 5 (revised 2015) does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control system.

## AUDIT COMMITTEE REPORT

### MEMBERS OF THE COMMITTEE

<b>Name of Members</b>	<b>Directorship</b>	<b>Designation</b>
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	Senior Independent Non-Executive Director	Chairman of Committee
Ching Nye Mi @ Chieng Ngie Chay	Independent Non-Executive Director	Committee Member
Ding Ming Hea	Independent Non-Executive Director	Committee Member

### Functions

The functions of the Committee shall include the following:

- (1) review the following and report the same to the Board:
  - (a) with the external auditor, the audit plan;
  - (b) with the external auditor, his evaluation of the system of internal controls;
  - (c) with the external auditor, his audit report, management letter and management's response;
  - (d) the assistance given by the employees of the Company to the external auditor;
  - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant and unusual events; and
    - (iii) compliance with accounting standards and other legal requirements;
  - (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (i) any letter of resignation from the external auditors of the Company; and
  - (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
  - (k) access the performance of the internal and external auditors including assessment on their independence on an annual basis.
- (2) recommend the nomination of a person or persons as external auditors.

### Attendance of Meetings

During the financial year, a total of five (5) meetings were held.

The details of the attendance of the Committee members are as follows:

<b>Name</b>	<b>Number of Meetings Attended</b>
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	5/5
Ching Nye Mi @ Chieng Ngie Chay	5/5
Ding Ming Hea	5/5

**AUDIT COMMITTEE REPORT** (cont'd)**Summary of Activities**

The activities of the Audit Committee during the financial year under review are as summarised below:

- Reviewed and approved the Internal Audit's plan and programmes;
- Reviewed the internal audit reports and considered the findings by the auditors and management's responses thereto;
- Reviewed, prior to the recommencement of audit, the external auditors' scope of engagement, their audit plan and approach;
- Reviewed with the external auditors the results of their audit, their audit report and management letters relating to the audit, their internal control recommendations in respect of control weaknesses noted in the cause of their audit and the management's responses thereto;
- Reviewed the annual and quarterly financial statements and reporting to Bursa Malaysia Securities Berhad and ensured compliance with additional disclosure requirements in accordance with the Main Market Listing Requirements of Bursa Securities;
- Reviewed the related party transactions and conflict of interest situations that arose within the Company or Group during the year.

**Internal Audit Function**

The Internal Audit Function was established in 2004 with the initial engagement of an audit firm to provide the internal audit services. The role of the internal audit team is to provide independent and objective reports on the state of internal control and compliance to policies and procedures. The internal audit team will assist the Group in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.

It is the responsibility of the internal auditors to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

The Internal Audit Function is currently outsourced to another professional services firm which reports directly to the Audit Committee. The scope of work covered by the Internal Audit Function is determined by the Audit Committee after discussion of the audit plan with the Board. The costs incurred for the Internal Audit Function for the financial year ended 31 December 2016 were RM45,000.



## DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 13 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Profit/(Loss) for the financial year	38,001,948	(1,073,862)
Profit/(Loss) attributable to:		
Owners of the Company	38,001,948	(1,073,862)

### DIVIDENDS

Dividends declared by the Company since the end of the previous financial year were:

- (i) distribution of treasury shares as first interim share dividend at the ratio of 1 treasury share for every 100 existing ordinary shares of RM1 each in respect of the financial year ended 31 December 2015 was declared on 30 November 2015. A total of 4,016,637 treasury shares amounting to RM7,603,368 was distributed on 29 February 2016;
- (ii) distribution of treasury shares as first interim share dividend at the ratio of 1 treasury share for every 25 existing ordinary shares of RM1 each in respect of the financial year ended 31 December 2016 was declared on 13 April 2016. A total of 16,239,784 treasury shares amounting to RM30,741,423 was distributed on 20 May 2016; and
- (iii) distribution of treasury shares as final share dividend at the ratio of 1 treasury share for every 25 existing ordinary shares of RM1 each held in respect of the financial year ended 31 December 2015 was declared on 30 June 2016. A total of 16,834,803 treasury shares amounting to RM31,867,252 was distributed on 12 August 2016.

The directors do not recommend the payment of any final dividends in respect of the financial year ended 31 December 2016.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those as shown in the financial statements.

**DIRECTORS' REPORT** (cont'd)**BAD AND DOUBTFUL DEBTS**

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off bad debts or render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

**CURRENT ASSETS**

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

**VALUATION METHODS**

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

**CONTINGENT AND OTHER LIABILITIES**

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

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

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

**CHANGE OF CIRCUMSTANCES**

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

## DIRECTORS' REPORT (cont'd)

### ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than those as disclosed in Note 6 to the financial statements; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### ISSUE OF SHARES AND DEBENTURES

No shares or debentures were issued during the financial year.

### DIRECTORS

The directors in office since the date of the last report are:

DATO' DR. YU KUAN CHON, DIMP, PPT, MBBS  
 DATO' YU KUAN HUAT, DPMP, PMP, AMP, PPT  
 DATO' LIM GIT HOOI @ ROBERT LIM, DPMP, JP  
 CHING NYE MI @ CHIENG NGIE CHAY  
 DING MING HEA

### DIRECTORS' INTEREST

According to the register of directors' shareholding, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Note	Number of ordinary shares of RM1 each			
		At 1.1.2016	Bonus issue/Share dividend /Bought	Sold	At 31.12.2016
<b>Direct interest</b>					
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	*	97,532,130	53,581,045	(15,862,044)	135,251,131
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	*	25,165,765	9,198,185	(12,803,500)	21,560,450
Dato' Lim Git Hooi @ Robert Lim, DPMP, JP		957,829	296,791	(4,000)	1,250,620
Ching Nye Mi @ Chieng Ngie Chay		4,867,653	3,305,591	-	8,173,244
Ding Ming Hea		1,601,199	497,806	-	2,099,005

## DIRECTORS' REPORT (cont'd)

### DIRECTORS' INTEREST (cont'd)

Number of ordinary shares of RM1 each					
	Note	At 1.1.2016	Bonus issue/Share dividend /Bought	Sold	At 31.12.2016
<b>Indirect interest</b>					
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	**	33,193,176	13,363,841	(17,241,900)	29,315,117
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	**	101,127,605	56,382,461	(20,245,444)	137,264,622
Ching Nye Mi @ Chieng Ngie Chay	***	24	4	-	28

\* Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS and Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT, by virtue of their interests 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 spouse, sibling, spouse of sibling and Neh Huat & Sons Sdn. Bhd.

\*\*\* Deemed interested through spouse.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of the emoluments received or due and receivable by the directors as disclosed in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any deemed benefits which may arise from transactions entered into in the ordinary course of business as disclosed in Note 34 to the financial statements.

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

### TREASURY SHARES

The shareholders of the Company, by a resolution passed in the Annual General Meeting held on 30 June 2016, renewed the approval for the Company to repurchase its own shares. The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 1,347,300 of its issued ordinary shares from the open market at an average price of RM1.89 per share. The total consideration paid for the repurchase including transaction costs was RM2,549,836. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

On 29 February 2016, the Company distributed a first interim dividend for the financial year ended 31 December 2015 by way of distribution of treasury shares as share dividend at the ratio of one (1) treasury share for every hundred (100) existing ordinary shares of RM1 each held. A total of 4,016,637 treasury shares were distributed to the entitled shareholders in relation to the share dividend.

**DIRECTORS' REPORT** (cont'd)**TREASURY SHARES** (cont'd)

On 20 May 2016, the Company distributed a first interim dividend for the financial year ended 31 December 2016 by way of distribution of treasury shares as share dividend at the ratio of one (1) treasury share for twenty five (25) existing ordinary shares of RM1 each held. A total of 16,239,784 treasury shares were distributed to the entitled shareholders in relation to the share dividend.

On 12 August 2016, the Company distributed a final share dividend for the financial year ended 31 December 2015 by way of distribution of treasury shares as share dividend at the ratio of one (1) treasury share for twenty five (25) existing ordinary shares of RM1 each held. A total of 16,834,803 treasury shares were distributed to the entitled shareholders in relation to the share dividend.

As at 31 December 2016, the Company held as treasury shares a total of 3,661,591 of its 528,999,579 issued ordinary shares. Such treasury shares are held at a carrying amount of RM6,931,198 and further relevant details are disclosed in Note 25 to the financial statements.

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

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

**SIGNIFICANT EVENT SUBSEQUENT TO END OF THE FINANCIAL YEAR**

The details of significant event subsequent to the end of the financial year are disclosed in Note 44 to the financial statements.

**AUDITORS**

The auditors, Messrs. Baker Tilly AC, embarked on a consolidation exercise after a merger with Messrs. Baker Tilly Monteiro Heng. In this connection, the auditors have indicated their willingness and will seek appointment as auditors of the Company under Messrs. Baker Tilly Monteiro Heng.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 April 2017.

**DATO' YU KUAN HUAT,**  
DPMP, PMP, AMP, PPT

**DATO' DR. YU KUAN CHON,**  
DIMP, PPT, MBBS

## **STATEMENT BY DIRECTORS**

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 43 to 126 are drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 127 has been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 April 2017

**DATO' YU KUAN HUAT,**

DPMP, PMP, AMP, PPT

**DATO' DR. YU KUAN CHON,**

DIMP, PPT, MBBS

---

## **STATUTORY DECLARATION**

Pursuant to Section 169(16) of the Companies Act 1965

I, Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS, being the director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 43 to 126 and the supplementary information as set out on page 127 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at  
Ipoh in the state of Perak Darul Ridzuan  
on 18 April 2017

**DATO' DR. YU KUAN CHON**

DIMP, PPT, MBBS

Before me

**CHONG TAT CHEONG (A 234)**

Pesuruhjaya Sumpah  
(Commissioner for Oaths)

---

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YNH PROPERTY BHD.

(Incorporated in Malaysia)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of YNH Property Bhd., which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 to 126.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

#### Basis for Opinion

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

#### Key Audit Matters

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

---

#### Going concern (Notes 2, 2(d)(ix) and 38(b) to the financial statements)

---

The Group recorded negative cash flows from operating activities of RM74,582,151 during the financial year ended 31 December 2016 and as at that date, the current liabilities exceeded the current assets by RM159,969,519. As at 31 December 2016, the Group has short term borrowings of RM645,452,166.

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

We focused on this area due to the significant amount of short term borrowings which resulted in the Group's net current liability position.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YNH PROPERTY BHD. (cont'd)

(Incorporated in Malaysia)

### Key Audit Matters (cont'd)

---

#### Going concern (Notes 2, 2(d)(ix) and 38(b) to the financial statements) (cont'd)

---

##### Our response:

Our audit procedures included, among others,

- reviewing the cash flow forecast over the next 12 months;
  - comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
  - reviewing the cash flow projection by comparing the Group's assumptions to externally derived data as well as our assessments in relation to key inputs such as revenue and profit margin;
  - testing the mathematical accuracy of the cash flow projection calculation;
  - performing stress tests for a range of reasonable possible scenarios;
  - agreeing sources of financing and uses of funds to supporting documents; and
  - reviewing the related disclosures in the financial statements.
- 

#### Goodwill on consolidation (Notes 2(d)(xv) and 17 to the financial statements)

---

The Group has significant goodwill on consolidation. The goodwill is tested for impairment annually. We focused on this area because the impairment assessment requires the exercise of significant judgements and estimates by the director on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates and gross profit margin.

##### Our response:

Our audit procedures focus on evaluating the cash flow projections and the Group's projection procedures which included, among others:

- comparing the cash flow projections to available project budgets prepared by the Group;
  - comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
  - comparing the Group's assumptions to externally derived data as well as our assessments in relation to key inputs such as discount rates, forecast growth rates, inflation rates and gross profit margin;
  - testing the mathematical accuracy of the impairment assessment; and
  - performing a sensitivity analysis around the key inputs that are expected to be more sensitive to the recoverable amount.
- 

#### Provision for future operating lease commitment (Note 31 to the financial statements)

---

The Group has recognised provision for future operating lease commitment in respect of the shortfall between the expected benefits to be derived from non-cancellable leaseback properties and the future operating lease commitments. We focused on this area due to the significance of the carrying value of provision and because assessment of the expected benefit to be derived from leaseback properties requires significant judgement and estimates.

##### Our response:

Our audit procedures included, among others:

- comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
  - reviewing the cash flow projection by comparing the Group's assumptions to externally derived data as well as our assessments in relation to key inputs such as revenue and profit margin;
  - testing the mathematical accuracy of the cash flow projection calculation; and
  - performing stress tests for a range of reasonably possible scenarios.
-



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YNH PROPERTY BHD. (cont'd)

(Incorporated in Malaysia)

### Key Audit Matters (cont'd)

#### Revenue and expenses recognition for property development business (Note 4 to the financial statements)

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

#### Our response:

Our audit procedures on a sample of projects included, among others:

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

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

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

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

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

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

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

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YNH PROPERTY BHD.** (cont'd)

(Incorporated in Malaysia)

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

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

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

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

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

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

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

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF YNH PROPERTY BHD.** (cont'd)

(Incorporated in Malaysia)

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act 1965 in Malaysia.
- (b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 13 to the financial statements, being accounts that have been included in the consolidated accounts.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act 1965 in Malaysia.

**Other Reporting Responsibilities**

The supplementary information set out on page 127 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

**Baker Tilly AC**  
AF 001826  
Chartered Accountants

**Dato' Lock Peng Kuan**  
No: 02819/10/2018 J  
Chartered Accountant

Kuala Lumpur  
18 April 2017

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM	2015 RM Restated	2016 RM	2015 RM
Revenue	4	369,722,360	306,494,983	-	100,000,000
Cost of sales	5	(205,402,426)	(176,179,777)	-	-
<b>Gross profit</b>		164,319,934	130,315,206	-	100,000,000
Other income		12,054,460	26,454,074	-	2,100
Administrative expenses		(60,698,961)	(49,410,020)	(587,214)	(688,961)
Selling and marketing expenses		(9,028,292)	(7,477,316)	-	-
Other operating expenses		(14,170,184)	(51,379,046)	(486,648)	(2,600,000)
		(83,897,437)	(108,266,382)	(1,073,862)	(3,288,961)
Profit/(Loss) from operations		92,476,957	48,502,898	(1,073,862)	96,713,139
Finance costs	7	(40,111,603)	(37,467,299)	-	-
<b>Profit/(Loss) before tax</b>	6	52,365,354	11,035,599	(1,073,862)	96,713,139
Tax expense	10	(14,363,406)	(3,117,898)	-	-
<b>Profit/(Loss) for the financial year</b>		38,001,948	7,917,701	(1,073,862)	96,713,139
<b>Other comprehensive income, net of tax</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation difference		1,612,935	5,606,070	-	-
<b>Total comprehensive income/(loss)</b>		39,614,883	13,523,771	(1,073,862)	96,713,139
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		38,001,948	7,917,701	(1,073,862)	96,713,139
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		39,614,883	13,523,771	(1,073,862)	96,713,139
<b>Earnings per share attributable to owners of the Company (sen per share)</b>	11				
- Basic		7.52	1.63		
- Diluted		7.52	1.63		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	31.12.2016 RM	31.12.2015 RM Restated	1.1.2015 RM Restated
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	12	182,983,160	196,920,315	189,023,560
Investment properties	14	352,537,897	344,965,129	96,609,507
Land held for property development	15	377,553,907	368,615,659	335,866,900
Deferred tax assets	16	55,846,825	50,115,663	26,609,850
Goodwill on consolidation	17	17,626,036	17,626,036	17,626,036
Other non-current assets	21	398,536,670	321,046,670	280,641,412
Receivables	20	4,935,486	6,774,861	8,907,110
		1,390,019,981	1,306,064,333	955,284,375
<b>Current assets</b>				
Property development costs	18	373,459,149	400,416,810	292,000,945
Inventories	19	71,370,287	58,756,047	293,193,542
Receivables and deposits	20	164,888,737	81,289,711	126,863,557
Other current assets	21	22,803,228	47,115,182	29,020,967
Tax recoverable		4,326,025	5,368,407	4,392,625
Term deposits and short term fund	23	1,005,420	986,126	544,758
Cash and bank balances	24	34,061,290	29,843,684	21,028,905
		671,914,136	623,775,967	767,045,299
<b>TOTAL ASSETS</b>		<b>2,061,934,117</b>	<b>1,929,840,300</b>	<b>1,722,329,674</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016 (cont'd)

	Note	31.12.2016 RM	31.12.2015 RM Restated	1.1.2015 RM Restated
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	25	528,999,579	441,446,129	441,446,129
Share premium	25	-	44,698,178	52,226,740
Treasury shares	25	(6,931,198)	(74,593,405)	(57,565,069)
Other reserves	26	34,703,801	33,090,866	27,484,796
Retained earnings	27	350,601,747	425,667,114	417,749,413
<b>Total equity</b>		<b>907,373,929</b>	<b>870,308,882</b>	<b>881,342,009</b>
<b>Non-current liabilities</b>				
Borrowings	28	259,120,177	242,548,544	214,358,808
Provisions	31	5,914,839	9,355,000	9,615,375
Deferred tax liabilities	16	41,987,728	43,372,513	43,676,625
Payables	29	15,653,789	16,182,820	-
		322,676,533	311,458,877	267,650,808
<b>Current liabilities</b>				
Payables and accruals	29	145,063,212	111,916,199	89,602,209
Other current liabilities	30	29,588,327	52,160,689	2,105,724
Provisions	31	8,474,810	27,320,617	21,415,468
Tax payable		3,305,140	222,507	287,902
Borrowings	28	645,452,166	556,452,529	459,925,554
		831,883,655	748,072,541	573,336,857
<b>Total liabilities</b>		<b>1,154,560,188</b>	<b>1,059,531,418</b>	<b>840,987,665</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,061,934,117</b>	<b>1,929,840,300</b>	<b>1,722,329,674</b>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 RM	2015 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	13	539,421,586	538,421,586
		<u>539,421,586</u>	<u>538,421,586</u>
<b>Current assets</b>			
Receivables and deposits	20	33,239,551	33,239,553
Other current assets	21	2,077	2,077
Tax recoverable		317,650	317,650
Cash and bank balances		185,660	130,229
		<u>33,744,938</u>	<u>33,689,509</u>
<b>TOTAL ASSETS</b>		<u>573,166,524</u>	<u>572,111,095</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	25	528,999,579	441,446,129
Share premium	25	-	44,698,178
Treasury shares	25	(6,931,198)	(74,593,405)
Retained earnings	27	42,850,925	156,992,102
<b>Total equity</b>		<u>564,919,306</u>	<u>568,543,004</u>
<b>Current liabilities</b>			
Payables and accruals	29	8,247,218	3,568,091
		<u>8,247,218</u>	<u>3,568,091</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>573,166,524</u>	<u>572,111,095</u>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	←-----Attributable to owners of the Company-----→					Treasury shares RM	Total equity RM
		Share capital RM	Share premium RM	←-----Non-distributable-----→ Capital reserve RM	Translation reserve RM	Distributable Retained earnings RM		
<b>Group 2016</b>								
At 1 January 2016		441,446,129	44,698,178	26,578,054	6,512,812	429,782,000	(74,593,405)	874,423,768
Prior year adjustment	45	-	-	-	-	(4,114,886)	-	(4,114,886)
As restated		441,446,129	44,698,178	26,578,054	6,512,812	425,667,114	(74,593,405)	870,308,882
<b>Comprehensive income</b>								
Profit for the financial year		-	-	-	-	38,001,948	-	38,001,948
<b>Other comprehensive income</b>								
Foreign currency translation difference		-	-	-	1,612,935	-	-	1,612,935
Total comprehensive income		-	-	-	1,612,935	38,001,948	-	39,614,883
<b>Transactions with owners</b>								
Share buy back	25	-	-	-	-	-	(2,549,836)	(2,549,836)
Bonus issue		87,553,450	-	-	-	(87,553,450)	-	-
Share dividends	32	-	(44,698,178)	-	-	(25,513,865)	70,212,043	-
Total transactions with owners		87,553,450	(44,698,178)	-	-	(113,067,315)	67,662,207	(2,549,836)
At 31 December 2016		528,999,579	-	26,578,054	8,125,747	350,601,747	(6,931,198)	907,373,929

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

	Note	←-----Attributable to owners of the Company-----→					Treasury shares RM	Total equity RM
		Share capital RM	Share premium RM	Capital reserve RM	Translation reserve RM	Distributable Retained earnings RM		
<b>Group 2015</b>								
At 1 January 2015		441,446,129	52,226,740	26,578,054	906,742	411,207,462	(57,565,069)	874,800,058
Prior year adjustment	45	-	-	-	-	6,541,951	-	6,541,951
As restated		441,446,129	52,226,740	26,578,054	906,742	417,749,413	(57,565,069)	881,342,009
<b>Comprehensive income</b>								
Profit for the financial year		-	-	-	-	7,917,701	-	7,917,701
<b>Other comprehensive income</b>								
Foreign currency translation difference		-	-	-	5,606,070	-	-	5,606,070
		-	-	-	5,606,070	7,917,701	-	13,523,771
<b>Transactions with owners</b>								
Share buy back	25	-	-	-	-	-	(24,556,898)	(24,556,898)
Share dividends	32	-	(7,528,562)	-	-	-	7,528,562	-
Total transactions with owners		-	(7,528,562)	-	-	-	(17,028,336)	(24,556,898)
At 31 December 2015		441,446,129	44,698,178	26,578,054	6,512,812	425,667,114	(74,593,405)	870,308,882

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

**STATEMENTS OF CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

	Note	←-----Attributable to owners of the Company-----→				Total equity RM
		Share capital RM	Share premium RM	Distributable Retained earnings RM	Treasury shares RM	
<b>Company 2016</b>						
At 1 January 2016		441,446,129	44,698,178	156,992,102	(74,593,405)	568,543,004
Profit for the financial year, representing total comprehensive income for the financial year		-	-	(1,073,862)	-	(1,073,862)
<b>Transaction with owners</b>						
Share buy back	25	-	-	-	(2,549,836)	(2,549,836)
Bonus issue		87,553,450	-	(87,553,450)	-	-
Share dividends	32	-	(44,698,178)	(25,513,865)	70,212,043	-
Total transactions with owners		87,553,450	(44,698,178)	(113,067,315)	67,662,207	(2,549,836)
At 31 December 2016		528,999,579	-	42,850,925	(6,931,198)	564,919,306

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

**STATEMENTS OF CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

	Note	←-----Attributable to owners of the Company-----→				
		Share capital RM	Share premium RM	Distributable Retained earnings RM	Treasury shares RM	Total equity RM
<b>Company 2015</b>						
At 1 January 2015		441,446,129	52,226,740	60,278,963	(57,565,069)	496,386,763
Profit for the financial year, representing total comprehensive income for the financial year		-	-	96,713,139	-	96,713,139
<b>Transaction with owners</b>						
Share buy back	25	-	-	-	(24,556,898)	(24,556,898)
Share dividends	32	-	(7,528,562)	-	7,528,562	-
Total transactions with owners		-	(7,528,562)	-	(17,028,336)	(24,556,898)
At 31 December 2015		441,446,129	44,698,178	156,992,102	(74,593,405)	568,543,004

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

**STATEMENTS OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM	2015 RM Restated	2016 RM	2015 RM
<b>Cash Flows from Operating Activities</b>					
Profit before tax		52,365,354	11,035,599	(1,073,862)	96,713,139
Adjustments for:-					
Impairment loss on:					
- investments in subsidiaries		-	-	-	2,600,000
- trade receivables (Note 20)		344,559	-	-	-
- other receivables (Note 20)		244,947	498,039	-	-
Reversal of impairment loss on trade receivables (Note 20)		(10,000)	(2,667,126)	-	-
Reversal of impairment loss on other receivables (Note 20)		(62,185)	(1,305,821)	-	-
Depreciation of investment properties		5,402,071	3,852,928	-	-
Depreciation of property, plant and equipment		12,349,334	5,958,699	-	-
Dividend income		-	-	-	(100,000,000)
Interest expense (Note 7)		40,111,603	37,467,299	-	-
Interest income		(165,553)	(1,630,918)	-	-
Property, plant and equipment written off		119,707	85,070	-	-
Provision for future operating lease commitment (Note 31)		4,792,132	26,763,322	-	-
Provision for contract loss		2,799,741	69,168	-	-
Provision for rectification works (Note 31)		534,004	522,232	-	-
Unrealised loss/(gain) on foreign exchange		1,067,186	5,261,525	-	-
Operating profit/(loss) before working capital changes carried down		119,892,900	85,910,016	(1,073,862)	(686,861)

**STATEMENTS OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

	Note	Group		Company	
		2016 RM	2015 RM Restated	2016 RM	2015 RM
Operating profit/(loss) before working capital changes brought down		119,892,900	85,910,016	(1,073,862)	(686,861)
Change in property development costs		(49,399,371)	(99,218,752)	-	-
Change in inventories		100,440,844	36,202,823	-	-
Change in receivables		(155,400,895)	7,893,346	-	26,113
Change in contract work-in-progress		18,294,169	(11,039,946)	-	-
Change in payables		(18,256,086)	61,368,201	(20,254)	(23,090)
Cash generated from/(used in) operations		15,571,561	81,115,688	(1,094,116)	(683,838)
Utilisation of provision for rectification works		(588,407)	(889,155)	-	-
Utilisation of provision for future operating lease		(27,023,697)	(20,751,625)	-	-
Interest paid		(45,352,823)	(41,173,811)	-	-
Interest received		165,553	1,630,918	-	-
Tax refunded		-	990,610	-	622,510
Tax paid		(17,354,338)	(28,959,610)	-	-
Net cash used in operating activities		(74,582,151)	(8,036,985)	(1,094,116)	(61,328)
<b>Cash flows from investing activities</b>					
Land held for property development - net of disposals		(11,644,772)	(10,162,374)	-	-
Placement of pledged fixed deposits		(22,028)	(15,820)	-	-
Additions in investment properties, net of reversal		(9,602,380)	(49,722,028)	-	-
Proceeds from disposal of property, plant and equipment		-	-	-	-
Repayment from subsidiaries		-	-	4,699,383	24,209,442
Subscription of additional shares in subsidiaries	13	-	-	(999,998)	(499,998)
Acquisition of subsidiaries	13	-	-	(2)	(2)
Purchase of property, plant and equipment	33	(2,226,059)	(16,443,078)	-	-
Net cash (used in)/from investing activities		(23,495,239)	(76,343,300)	3,699,383	23,709,442

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (cont'd)

	Note	Group		Company	
		2016 RM	2015 RM Restated	2016 RM	2015 RM
<b>Cash flows from financing activities</b>					
Shares buy back	25	(2,549,836)	(24,556,898)	(2,549,836)	(24,556,898)
Drawdown of short term revolving credit		45,197,371	80,374,054	-	-
Drawdown of term loans		54,557,015	20,005,962	-	-
Proceeds from refinancing with finance lease		-	42,099,275	-	-
Payment of finance lease		(10,989,680)	(9,927,325)	-	-
Advances from subsidiaries		-	-	-	909,998
Repayments of term loans		(28,429,361)	(7,050,757)	-	-
Net cash from/(used in) financing activities		57,785,509	100,944,311	(2,549,836)	(23,646,900)
Effect of changes in exchange rate		(729,172)	(6,539,201)	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>		(41,021,053)	10,024,825	55,431	1,214
Cash and cash equivalents at beginning of the financial year		(43,609,381)	(53,634,206)	130,229	129,015
<b>Cash and cash equivalents at end of the financial year</b>	33	(84,630,434)	(43,609,381)	185,660	130,229

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016

### 1. CORPORATE INFORMATION

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

The registered office of the Company is located at No. 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan and principal place of business of the Company is located at No. 188, Jalan PPMP 3/3, Pusat Perniagaan Manjung Point 3, 32040 Seri Manjung, Perak Darul Ridzuan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are property development, cultivation and sales of oil palm, general contracting, provision of consultancy services, provision of management services and lodging facilities, operation and management of a hotel, property investment, trading of properties and construction materials and related construction materials. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were approved and authorised for issue in accordance with a Board of Directors' resolution dated 18 April 2017.

### 2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 1965 in Malaysia.

During the financial year ended 31 December 2016, the Group recorded negative cash flows from operating activities of RM74,582,151 and as at that date, the Group had net current liabilities of RM159,969,519.

As at 31 December 2016, the Group has short term borrowing of RM645,452,166.

The directors of the Company are of the opinion that the preparation of the financial statements of the Group on a going concern basis remains appropriate after having prepared a cash flow projection and considering the available unutilised funding facilities supporting the assertion that the Group will have sufficient resources to continue for a period of at least 12 months from the end of the financial year.

#### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 3.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(d).

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

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

##### New FRS, Amendments/Improvements to FRSs and new IC Interpretation ("IC Int")

##### (i) Adoption of Amendments/Improvements to FRSs

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

##### Amendments/Improvements to FRSs

FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interest in Other Entities
FRS 101	Presentation of Financial Statements
FRS 116	Property, Plant and Equipment
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investments in Associates and Joint Ventures
FRS 138	Intangible Assets

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company.

##### (ii) New FRS, Amendments/Improvements to FRSs and new IC Int that have been issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new FRS, amendments/improvements to FRSs and new IC Int that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

	<b>Effective for financial periods beginning on or after</b>
<u>New FRSs</u>	
FRS 9      Financial Instruments	1 January 2018
<u>Amendments/Improvements to FRSs</u>	
FRS 1      First-time adoption of FRSs	1 January 2018
FRS 2      Share-based Payment	1 January 2018
FRS 4      Insurance Contracts	1 January 2018
FRS 10     Consolidated Financial Statements	Deferred
FRS 12     Disclosure of Interests in Other Entities	1 January 2017
FRS 107    Statement of Cash Flows	1 January 2017
FRS 112    Income Taxes	1 January 2017
FRS 128    Investments in Associates and Joint Ventures	1 January 2018/ Deferred
FRS 140    Investment Property	1 January 2018



## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

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

##### New FRS, Amendments/Improvements to FRSs and new IC Interpretation ("IC Int") (cont'd)

##### (ii) New FRS, Amendments/Improvements to FRSs and new IC Int that have been issued, but not yet effective and have not been early adopted (cont'd)

###### New IC Int

IC Int 22 Foreign Currency Transactions and Advance Consideration

A brief discussion on the above significant new FRS, amendments/improvements to FRSs and new IC Int are summarised below. Due to the complexity of these new FRS, amendments/improvements to FRSs and new IC Int, the financial effects of their adoption are currently still being assessed by the Group and the Company.

##### ***FRS 9 Financial Instruments***

Key requirements of FRS 9:-

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

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

- FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.
- FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

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

##### **New FRS, Amendments/Improvements to FRSs and new IC Interpretation ("IC Int") (cont'd)**

##### **(ii) New FRS, Amendments/Improvements to FRSs and new IC Int that have been issued, but not yet effective and have not been early adopted (cont'd)**

###### ***Amendments to FRS 140 Investment Property***

Amendments to FRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

###### ***Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures***

These amendments address an acknowledged inconsistency between the requirements in FRS 10 and those in FRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in FRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

##### **(iii) MASB Approved Accounting Standards, MFRSs**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

– 31 DECEMBER 2016 (cont'd)

**2. BASIS OF PREPARATION** (cont'd)**(a) Statement of compliance** (cont'd)**New FRS, Amendments/Improvements to FRSs and new IC Interpretation (“IC Int”)** (cont'd)**(iii) MASB Approved Accounting Standards, MFRSs** (cont'd)

The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effects may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

***Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”)***

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

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

***MFRS 15 Revenue from Contracts with Customers***

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

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

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

The Group is currently assessing the impact of the adoption of this standard.

***MFRS 141 Agriculture; Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture***

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

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

##### **New FRS, Amendments/Improvements to FRSs and new IC Interpretation ("IC Int") (cont'd)**

##### **(iii) MASB Approved Accounting Standards, MFRSs (cont'd)**

##### ***MFRS 141 Agriculture; Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture (cont'd)***

With the amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

The Group is currently assessing the impact of the adoption of this standard.

#### (b) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

The significant areas of estimation uncertainty and critical judgements in applying accounting principles that have a significant effect on the amounts recognised in the financial statements are described below:

#### (c) Significant accounting judgements and estimates

- (i) Revenue and cost of sales recognition (Note 4 and 5) – the Group recognises property development revenue and cost of sales by reference to the stage of completion of the development activity at the reporting date. The stage of completion is determined based on the proportion of development costs incurred for work performed to-date bears to the estimated total property development costs. Significant judgement is required in the estimation of total property development costs. Where the actual total property development costs is different from the estimated total property development costs, such difference will impact the property development profit/(loss) recognised.
- (ii) Tax expense (Note 10) - significant judgement is required in determining the taxability of certain gains, the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax in the periods in which the outcome is known.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

#### (c) Significant accounting judgements and estimates (cont'd)

- (iii) Depreciation of property, plant and equipment and investment properties (Note 12 and 14) – the cost of property, plant and equipment and investment properties are depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 50 years based on past experience with similar assets. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets resulting in revision of future depreciation charges.
- (iv) Classification between investment properties and property, plant and equipment – the Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Due to the commercial buildings rented out could not be sold separately from its hotel building, the Group has treated the whole property as property, plant and equipment.

- (v) Operating lease and finance lease for leasehold land – Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset and operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership. If the leasehold land meets the criteria of the financial lease, the lease will be classified as property, plant and equipment if it is for own use. Judgements are made on the individual leasehold land to determine whether the leasehold land qualifies as operating lease or finance lease.
- (vi) Classification between investment properties and inventories – certain completed properties which were developed by the Group for sale in the ordinary course of business have been let out to tenants. The Group has determined that their intention to sell these properties in the ordinary course of business remains unchanged and has classified these properties as inventories.
- (vii) Operating lease arrangement - The Group has entered into commercial property leases on its landed properties. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.
- (viii) Deferred tax assets (Note 16) – deferred tax assets are recognised for deductible temporary differences in respect of expenses, unutilised tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future financial performance of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 2. BASIS OF PREPARATION (cont'd)

#### (c) Significant accounting judgements and estimates (cont'd)

- (ix) Impairment of goodwill (Note 17) – significant judgement is used in the estimation of the present value of future cash flows generated by the cash-generating units which involve uncertainties and are based on assumptions used and judgement made regarding estimates of future cash flows and discount rate.
- (x) Inventories (Note 19) – the saleability of inventories are reviewed by management on a periodic basis. This review involves comparison of the carrying value of the inventory items with the respective net realisable value. The purpose is to ascertain whether a write down to net realisable value is required to be made.
- (xi) Impairment loss on receivables (Note 20) – the Group assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.
- (xii) Construction contracts (Note 22) – significant judgement is used in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the works that are recoverable from the customers. In making judgements, the Group evaluates based on past experience and work of specialists.
- (xiii) Provision for rectification works (Note 31) – the Group recognised provision for rectification works on completed contracts. It is expected that most of these costs will be incurred when one year after the completion of construction contracts. Based on management's past experience, the provision is computed at 0.2% (2012: 0.2%) on the total contract sum of completed contracts.
- (xiv) Provision for future operating lease commitment (Note 31) – the Group recognised provision for future operating lease commitment where the expected benefits to be derived from the non-cancellable leaseback properties is less than the operating lease commitment. Significant assumptions and judgement are used in the estimation of the future income, expenses and discount rate of the leaseback properties.
- (xv) Going concern – The Group's financial statements have been prepared on a going concern basis after having prepared a cash flow projection and considering the available unutilised funding facilities available supporting the assertion that the Group will have sufficient resources to continue for a period of at least 12 months from the end of the financial year. Significant assumptions and judgements are used in the preparation of the cash flow projection.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Consolidation

The consolidated financial statements incorporate the audited financial statements of the Company and all of its subsidiaries which are disclosed in Note 13 made up to the end of the financial year.

All intra-group balances, transactions and resulting unrealised profits and losses (unless cost cannot be recovered) are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Subsidiaries are consolidated using the acquisition method, from the date of acquisition being the date on which the Company obtains control and continue to be consolidated until the date that such control ceases. The assets, liabilities and contingent liabilities assumed from a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated financial statements. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Where the present ownership interests in the acquiree entitles the holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects for each individual business combination, whether non-controlling interests in the acquisition is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The Group measures goodwill at the acquisition date as:

- (i) The fair value of the consideration transferred; plus
- (ii) The recognised amount of any non-controlling interests in the acquiree; plus
- (iii) If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- (iv) 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.

Costs related to the acquisition, 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.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributable to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)

– 31 DECEMBER 2016 (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES** (cont'd)**(a) Basis of Consolidation** (cont'd)

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

The Group has applied the revised FRS 127 prospectively on 1 January 2011 in accordance with the transitional provisions. Accordingly, transactions with non-controlling interests, if any, prior to the effective date have not been restated to comply with the Standard.

**(b) Revenue recognition**

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

**(i) Development properties**

Revenue from development properties sold is recognised on the percentage of completion method when the outcome of the property development projects can be reliably estimated. The stage of completion is measured by the proportion that development costs incurred for work performed to-date bear to the estimated total development costs for units sold. Where foreseeable losses on development properties are anticipated, full allowance of those losses is made in the financial statements.

Revenue from the sale of completed development properties and land held for development are measured at fair value of the consideration received or receivable net of trade discounts and rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of properties can be estimated reliably, and there is no continuing management involvement with the properties.

**(ii) Construction contract**

Revenue from construction contracts is recognised on the percentage of completion method when the outcome of the construction contracts can be reliably estimated. The stage of completion is measured by reference to the certified work done to-date or by the proportion that contract costs incurred for work performed to-date bear to the estimated total construction costs. Where foreseeable losses on construction contracts are anticipated, full allowance of those losses is made in the financial statements.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.



## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

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

#### (b) Revenue recognition (cont'd)

##### (iii) Goods sold

Revenue from sales of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

##### (iv) Services

Revenue from rental of service apartments and hotel rooms, sales of food and beverage and other related income are recognised when the services are rendered.

##### (v) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

##### (vi) Dividend income

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

##### (vii) Interest income

Interest income is recognised using the effective interest method.

##### (viii) Commission income

Commission income is recognised when services are rendered.

#### (c) Employee benefits

##### (i) Short Term Employee Benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### (ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense as incurred.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

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

#### (d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

#### (e) Leases

##### (i) Finance lease – the Group as lessee

Assets acquired by way of finance leases where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance lease is capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease is depreciated in accordance with the depreciation policy for property, plant and equipment.

##### (ii) Operating lease – the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

##### (iii) Operating lease – the Group as lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### (f) Tax expense

Tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior financial years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

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

#### (f) Tax expense (cont'd)

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

#### (g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use. Leasehold land is depreciated over the period of 98 years. All other property, plant and equipment are depreciated on the straight-line basis to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:

Buildings	1% - 2%
Plant and machinery	20%
Motor vehicles	20%
Tennis court	10%
Office equipment, furniture, fittings and renovations	10% - 20%
Crockery, glassware, cutlery, carpet and linen	12.5% - 25%

The residual values, useful lives and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

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

#### (h) Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided for on a straight-line basis over the estimated useful life.

Freehold land is not depreciated. Long term leasehold interest is depreciated over the lease period of 65 to 89 years. The completed buildings included in investment properties are depreciated over an estimated useful life of 50 years. Investment property under construction is not depreciated as the asset is not yet available for use. The residual values, useful lives and depreciation method are reviewed at each reporting date.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Investment property under construction is classified as investment property.

#### (i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of controls as mentioned above.

When the Group has less than majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other holders;
- Potential voting rights, if such rights are substantive, held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements;
- The nature of the Group's relationship with other parties and whether those other parties are acting on its behalf (i.e. they are 'de facto agents'); and
- Any additional facts and circumstances that indicate the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The transaction costs of the investments shall be recognised as expense in the profit or loss in the period in which the costs are incurred.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

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

#### (j) Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in profit or loss.

#### (k) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

#### (l) Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as expense 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 units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior financial years. The reversal of impairment loss is recognised in profit or loss.

#### (m) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Costs consist of land, construction costs and other development costs including related overheads and capitalised borrowing costs.

When the financial outcome of a development activity can be reliably estimated, property development revenue and costs are recognised in profit or loss by reference to the stage of completion of development activities at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

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

#### (m) Property development costs

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

Any expected loss on a development project, including costs to be incurred over the defect liability period, is recognised as an expense immediately. Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

Accrued billings within other current assets represent the excess of revenue recognised in profit or loss over billings to purchasers. Progress billings within other current liabilities represent the excess of billings to purchasers over revenue recognised in profit or loss.

#### (n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method.

Cost of completed development properties is determined on specific identification basis and includes land, construction and appropriate development overheads.

The cost of building materials and consumables comprise costs of purchase. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

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

#### (o) Construction contracts

Construction contracts are measured at contract cost plus profit recognised to date less progress billing and recognised losses. Contract cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When the cost incurred on construction contract plus profit recognised to date less recognised losses exceeds progress billings, the balance is classified as amounts due from customers on contracts. When progress billings exceed cost incurred plus recognised profits to date less recognised losses, the balance is classified as amounts due to customers on contracts.

#### (p) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

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

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition and have categorised financial assets in loans and receivables.

#### (i) Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

#### (q) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

#### (i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

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

#### (q) Impairment of financial assets (cont'd)

##### (i) Trade and other receivables and other financial assets carried at amortised cost (cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### (r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdraft.

#### (s) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### (t) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

#### (u) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.



## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

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

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

##### (i) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

##### (v) 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

##### (w) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

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

#### (x) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

#### (y) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

#### (z) Fair value measurement

Fair value of an asset or 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 which must be accessible to by the Group.

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 the highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting date.

For the purpose of fair value disclosures, the Group had determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

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

#### (aa) Earnings per share

##### (i) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by weighted average number of ordinary shares outstanding during the financial year.

##### (ii) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

### 4. REVENUE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sale of:				
- development properties	66,345,066	93,204,905	-	-
- land held for property development	28,653,000	46,557,000	-	-
- completed property units	179,474,343	71,638,506	-	-
Commission income	2,000,000	-	-	-
Dividend income from a subsidiary	-	-	-	100,000,000
Income from estates	1,627,382	2,300,251	-	-
Revenue from room sales, food and beverages	72,988,663	60,312,583	-	-
Proceeds from contract work	4,812,518	21,918,416	-	-
Rental income on:				
- properties	13,533,388	10,523,522	-	-
- plant and equipment	288,000	39,800	-	-
	<u>369,722,360</u>	<u>306,494,983</u>	<u>-</u>	<u>100,000,000</u>

**NOTES TO THE FINANCIAL STATEMENTS**

– 31 DECEMBER 2016 (cont'd)

**5. COST OF SALES**

	<b>2016</b>	<b>Group</b>
	<b>RM</b>	<b>2015</b>
		<b>RM</b>
		<b>Restated</b>
Property development costs (Note 18)	47,465,628	64,524,881
Cost of land held for property development sold (Note 15)	1,782,904	4,960,992
Cost of completed property units	78,516,192	17,743,944
Construction contract costs	4,454,417	21,373,351
Direct cost in respect of		
- rental of plant and equipment	1,842,345	96,409
- rental of investment property	1,251,058	-
Estates costs	359,532	310,279
Hotel and other operation costs		
- rental of premises	25,686,493	27,952,149
- other costs	44,043,857	39,217,772
	<u>205,402,426</u>	<u>176,179,777</u>

**6. PROFIT/(LOSS) BEFORE TAX**

Profit from operations is arrived at after charging/(crediting):

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Auditors' remuneration				
- statutory audit				
- current	252,800	244,500	54,500	53,000
- over provision in prior financial year	-	4,000	-	4,000
- other services	18,500	10,500	18,500	10,500
Depreciation of investment properties	5,402,071	3,852,928	-	-
Depreciation of property, plant and equipment	12,349,334	5,958,699	-	-
Employees benefits expense (Note 8)	43,357,479	44,661,590	-	-
Impairment loss on:				
- other receivables (Note 20)	244,947	498,039	-	-
- trade receivables (Note 20)	344,559	-	-	-
- investment in subsidiaries	-	-	-	2,600,000
Interest expenses (Note 7)	40,111,603	37,467,299	-	-
Non-executive directors' remuneration (Note 9)	303,238	295,958	303,238	295,958
Property, plant and equipment written off	119,707	85,070	-	-
Provision for loss on contract works	2,799,741	69,168	-	-

**NOTES TO THE FINANCIAL STATEMENTS**

– 31 DECEMBER 2016 (cont'd)

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

Profit from operations is arrived at after charging/(crediting): (cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Provision for rectification works (Note 31)	534,004	522,232	-	-
Provision for future operating lease commitment (Note 31)	4,792,132	26,763,322	-	-
Rental of premises			-	-
- included in cost of sales	25,686,493	27,952,149	-	-
- included in other operating and administrative expenses	6,098,543	29,344,345	-	-
Rental of lorry and tractor	917,800	1,330,360	-	-
Rental of office equipment	90,421	-	-	-
Rental of plant and machinery	3,278,590	43,310	-	-
Direct operating expenses from investment properties				
- Generated rental income	1,294,634	900,321	-	-
- Did not generate rental income	603,589	606,086	-	-
Interest income	(165,553)	(1,630,918)	-	-
Profit from sale of building materials	(733,660)	(1,494,444)	-	-
Unrealised foreign exchange loss	1,067,186	5,261,525	-	-
Rental income from unsold completed properties	(2,494,506)	(4,649,702)	-	-
Rental income from properties				
- included in revenue	(13,533,388)	(10,523,522)	-	-
- included in other income	(941,528)	(3,627,045)	-	-
Rental income from machineries				
- included in revenue	(288,000)	(39,800)	-	-
- included in other income	(3,838,976)	-	-	-
Reversal of impairment loss on trade receivables (Note 20)	(10,000)	(2,667,126)	-	-
Reversal of impairment loss on other receivables (Note 20)	(62,185)	(1,305,821)	-	-

**7. FINANCE COSTS**

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Interest expense:		
- term loans	13,583,469	12,251,035
- bank overdrafts	5,804,023	3,700,413
- short term revolving credit	24,770,092	23,719,461
- others	1,195,239	1,502,902
	<u>45,352,823</u>	<u>41,173,811</u>
Interest expense capitalised in qualifying assets:		
- Property development costs (Note 18)	(5,241,220)	(3,706,512)
	<u>40,111,603</u>	<u>37,467,299</u>

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 8. EMPLOYEES BENEFITS EXPENSE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries, bonus and other staff related costs	37,659,559	38,851,507	-	-
Employees Provident Fund	5,391,499	5,578,727	-	-
Socso	306,421	231,356	-	-
	<u>43,357,479</u>	<u>44,661,590</u>	<u>-</u>	<u>-</u>

Included in employees benefits expense of the Group are executive directors' remuneration amounting to RM11,193,659 (2015: RM13,228,868).

### 9. DIRECTORS' REMUNERATION

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Executive:</b>				
Salaries and other emoluments	8,765,088	10,261,566	-	-
Bonus	641,348	855,130	-	-
Employees Provident Fund	1,787,223	2,112,172	-	-
	<u>11,193,659</u>	<u>13,228,868</u>	<u>-</u>	<u>-</u>
Total executive directors' remuneration (excluding benefits-in-kind) (Note 8)	11,193,659	13,228,868	-	-
Estimated monetary value of benefits-in-kind	15,300	49,800	-	-
	<u>11,208,959</u>	<u>13,278,668</u>	<u>-</u>	<u>-</u>
<b>Non-executive:</b>				
Fees	152,830	145,550	152,830	145,550
Other emoluments	150,408	150,408	150,408	150,408
	<u>303,238</u>	<u>295,958</u>	<u>303,238</u>	<u>295,958</u>
Total non-executive directors' emoluments	303,238	295,958	303,238	295,958
	<u>11,512,197</u>	<u>13,574,626</u>	<u>303,238</u>	<u>295,958</u>

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 10. TAX EXPENSE

	Group		Company	
	2016 RM	2015 RM Restated	2016 RM	2015 RM
<b>Current tax:</b>				
Malaysian - current financial year	23,549,202	26,285,355	-	-
- prior financial year	(1,651,455)	437,484	-	-
Labuan - current financial year	-	20,000	-	-
	21,897,747	26,742,839	-	-
<b>Deferred tax:</b>				
Origination and reversal of temporary differences	(5,426,320)	(21,244,253)	-	-
Recognition of previously unrecognised deferred tax assets	-	(2,407,450)	-	-
(Over)/Underprovision in prior financial year	(2,108,021)	26,762	-	-
	(7,534,341)	(23,624,941)	-	-
Tax expense	14,363,406	3,117,898	-	-

The reconciliation from the tax amount at statutory income tax rate to the Group's and of the Company's tax expense is as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit/(Loss) before tax	52,365,354	11,035,599	(1,073,862)	96,713,139
Tax at the Malaysian statutory income tax rate of 24% (2015: 25%)	12,567,700	2,758,900	(257,700)	24,178,300
Expenses not deductible for tax purposes	6,930,999	2,615,098	257,700	821,700
Non-taxable income	(48,850)	(78,924)	-	(25,000,000)
Different tax rate in offshore company *	-	120,700	-	-
Deferred tax recognised at different tax rate	(1,277,870)	624,887	-	-
Utilisation of previously unrecognised deferred tax assets	(389,477)	(5,188,000)	-	-
Deferred tax asset not recognised during the financial year	340,380	4,208,441	-	-
Recognition of previously unrecognised deferred tax asset	-	(2,407,450)	-	-
(Over)/Underprovision in prior financial years				
- current tax	(1,651,455)	437,484	-	-
- deferred tax	(2,108,021)	26,762	-	-
Tax expense	14,363,406	3,117,898	-	-

\* The income tax expense for subsidiary incorporated in the Federal Territory of Labuan is based on the Labuan Business Activity Tax Act, 1990 which is computed at 3% of profit before tax or fixed sum of RM20,000 upon election.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 11. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The previous financial year's basic earnings per share has been restated based on the weighted average number of shares of 484,715,192 ordinary shares after taking into consideration the bonus issue of 87,553,450 ordinary shares of RM1 each.

The Group has no dilutive potential ordinary shares. As such, there is no dilution effect on the earnings per share of the Group for the financial year.

The following reflect the profit and share data used in the computation of basic earnings per share for the financial years ended 31 December:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Profit for the financial year attributable to owners of the Company used in the computation of basic and diluted earnings per share	38,001,948	7,917,701
	<b>Number of shares</b>	
Weighted average number of ordinary shares for basis earnings per share computation*	505,451,293	484,715,192

\* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions and bonus issue during the financial year.

Since the end of the financial year, the Company has not repurchased any of its issued ordinary shares from the open market to be held as treasury shares.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**

- 31 DECEMBER 2016 (cont'd)

**12. PROPERTY, PLANT AND EQUIPMENT**

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Tennis court RM	Office equipment, furnitures, fittings and renovations RM	Crockery glassware, cutlery, carpet and linen RM	Construction in Progress RM	Total RM
<b>Costs</b>										
At 1.1.2016	85,863,467	36,359,295	11,604,856	82,468,696	6,766,200	70,004	17,654,777	903,828	691,175	242,382,298
Additions	25,464	517,490	-	467,435	10,790	-	728,194	1,779	474,907	2,226,059
Written off	-	-	-	(15,710)	-	-	(538,476)	-	-	(554,186)
Effect of movement in exchange rates	-	-	-	2,276,369	-	-	-	-	-	2,276,369
At 31.12.2016	85,888,931	36,876,785	11,604,856	85,196,790	6,776,990	70,004	17,844,495	905,607	1,166,082	246,330,540
<b>Accumulated Depreciation</b>										
At 1.1.2016	-	807,617	1,946,298	32,276,254	3,942,503	70,002	6,198,008	221,301	-	45,461,983
Charge for the financial year	-	437,959	258,474	13,228,230	1,192,227	-	1,624,785	576,753	-	17,318,428
Written off	-	-	-	(14,139)	-	-	(420,340)	-	-	(434,479)
Effect of movement in exchange rates	-	-	-	1,001,448	-	-	-	-	-	1,001,448
At 31.12.2016	-	1,245,576	2,204,772	46,491,793	5,134,730	70,002	7,402,453	798,054	-	63,347,380
<b>Net Carrying Amount</b>										
At 31.12.2016	85,888,931	35,631,209	9,400,084	38,704,997	1,642,260	2	10,442,042	107,553	1,166,082	182,983,160

The Group's long term leasehold land has remaining unexpired lease period of more than 50 years.

**NOTES TO THE FINANCIAL STATEMENTS**

- 31 DECEMBER 2016 (cont'd)

**12. PROPERTY, PLANT AND EQUIPMENT** (cont'd)

<b>Group</b>	<b>Freehold land RM</b>	<b>Long term leasehold land RM</b>	<b>Buildings RM</b>	<b>Plant and machinery RM</b>	<b>Motor vehicles RM</b>	<b>Tennis court RM</b>	<b>Office equipment, fittings and renovations RM</b>	<b>Crockery glassware, cutlery, carpet and linen RM</b>	<b>Construction in Progress RM</b>	<b>Total RM</b>
<b>Costs</b>										
At 1.1.2015	85,857,577	35,333,088	11,353,380	63,514,179	6,372,445	70,004	14,198,929	612,718	-	217,312,320
Additions	5,890	1,026,207	251,476	9,935,943	393,755	-	3,847,522	291,110	691,175	16,443,078
Written off	-	-	-	(333,309)	-	-	(391,674)	-	-	(724,983)
Effect of movement in exchange rates	-	-	-	9,351,883	-	-	-	-	-	9,351,883
At 31.12.2015	85,863,467	36,359,295	11,604,856	82,468,696	6,766,200	70,004	17,654,777	903,828	691,175	242,382,298
<b>Accumulated Depreciation</b>										
At 1.1.2015	-	382,238	1,688,699	18,065,882	3,337,674	70,002	4,592,744	151,521	-	28,288,760
Charge for the financial year	-	425,379	257,599	11,950,855	604,829	-	1,937,072	69,780	-	15,245,514
Written off	-	-	-	(308,105)	-	-	(331,808)	-	-	(639,913)
Effect of movement in exchange rates	-	-	-	2,567,622	-	-	-	-	-	2,567,622
At 31.12.2015	-	807,617	1,946,298	32,276,254	3,942,503	70,002	6,198,008	221,301	-	45,461,983
<b>Net Carrying Amount</b>										
At 31.12.2015	85,863,467	35,551,678	9,658,558	50,192,442	2,823,697	2	11,456,769	682,527	691,175	196,920,315

The Group's long term leasehold land has remaining unexpired lease period of more than 50 years.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Motor vehicles and plant and machinery under finance lease arrangements are as follows:

	Group			
	←-----2016----->		←-----2015----->	
	RM	RM	RM	RM
	Motor vehicles	Plant and machinery	Motor vehicles	Plant and machinery
Cost	-	55,510,811	308,572	50,361,731
Net carrying amount	-	26,282,008	196,457	32,001,998

Titles of leasehold land with net carrying amount of RM20,763,165 (2015: RM20,526,864) which was alienated by a local council. The title has yet to be transferred to the Group pending fulfilment of certain terms and conditions stated in the agreement with the local council.

Freehold land and leasehold land with net carrying amount of RM115,937,532 (2015: RM115,812,265) are pledged as security for bank borrowings as mentioned in Note 28.

### 13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM	2015 RM
Unquoted shares, at cost	552,021,586	451,021,586
Less: Impairment loss	(12,600,000)	(12,600,000)
	539,421,586	438,421,586
Quasi loan	-	100,000,000
	539,421,586	538,421,586

Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 13. INVESTMENTS IN SUBSIDIARIES (cont'd)

The details of the subsidiaries which are incorporated and have principal place of business in Malaysia, are as follows:

Name of company	Principal activities	Proportion of ownership interest/ voting rights	
		2016 %	2015 %
<b>Direct subsidiaries</b>			
Kar Sin Berhad #	Property development and cultivation and sale of oil palm produce	100	100
YNH Construction Sdn. Bhd.	General contracting	100	100
D'Kiara Place Sdn. Bhd. **	Property development and provision of consultancy services	100	100
YNH Services Sdn. Bhd.	Provision of management services and lodging facilities	100	100
YNH Land Sdn. Bhd.	Property investment	97	97
YNH Hardware Sdn. Bhd.	Dormant	100	100
YNH Ready Mix Sdn. Bhd.	Rental of plant and equipment	100	100
YNH Communication Engineering Sdn. Bhd.	Dormant	100	100
YNH Engineering Sdn. Bhd.	General contracting	100	100
Green Mirage Sdn. Bhd.	Property investment holding	100	100
YNH Hospitality Sdn. Bhd.	Provision of management services and lodging facilities and property investment holding	100	100
Sky High Corporation ^ *	Rental of plant and machinery	100	100
Kiara Desaru Sdn. Bhd. @	Property investment holding	100	100
YNH Electrical Engineering Sdn. Bhd.	General contracting	100	100
YNH Utility Sdn. Bhd.	Dormant	100	100
Desaru Ace Services Sdn. Bhd.^ ^	Dormant	100	-

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 13. INVESTMENTS IN SUBSIDIARIES (cont'd)

The details of the subsidiaries which are incorporated and have principal place of business in Malaysia, are as follows:

Name of company	Principal activities	Proportion of ownership interest/ voting rights	
		2016 %	2015 %
<b>Indirect subsidiaries through Kar Sin Berhad</b>			
Hotel Sfera Sdn. Bhd.	Operation and management of a hotel and its related business and property investment	100	100
Mesra Unggul Sdn. Bhd.	Property investment and development	100	100
Bay Clubhouse Sdn. Bhd.	Property investment	100	100
YNH Land Sdn. Bhd.	Property investment	3	3
YNH Realty Sdn. Bhd.	Marketing agent	100	100
Benua Kukuh Sdn. Bhd.	Property investment	100	100

^ Audited by firm of chartered accountants affiliated with Baker Tilly AC.

^^ Incorporated on 15 December 2016 with a paid up capital of RM2 divided into 2 ordinary shares.

@ The Company fully subscribed for 999,998 new ordinary shares of RM1 each in the subsidiary.

# The Company fully subscribed for 100,000,000 new ordinary shares of RM1 each in the subsidiary satisfied by way of offset with amount owing from the subsidiary.

\* Incorporated and has principal place of business in the Federal Territory of Labuan, Malaysia.

\*\* D'Kiara Place Sdn. Bhd.'s shares are held in trust by Kar Sin Berhad as a trustee for the Company.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2016 (cont'd)

14. INVESTMENT PROPERTIES

The movements of investment properties are as follows:

Group	Completed investment property RM	2016 Investment property under construction (IPUC) RM	Total RM	Completed investment property RM	2015 Investment property under construction (IPUC) RM	Total RM
<b>Cost</b>						
At beginning of the financial year	270,926,573	78,429,620	349,356,193	18,527,861	78,619,782	97,147,643
Additions	-	9,641,307	9,641,307	48,833,094	888,934	49,722,028
Reversal	(38,927)	-	(38,927)	-	-	-
Transfer from land held for property development (Note 15)	-	3,372,459	3,372,459	-	-	-
Transfer from inventories	-	-	-	202,486,522	-	202,486,522
Reclassification	-	-	-	1,079,096	(1,079,096)	-
At end of the financial year	270,887,646	91,443,386	362,331,032	270,926,573	78,429,620	349,356,193
<b>Accumulated depreciation</b>						
At beginning of the financial year	4,391,064	-	4,391,064	538,136	-	538,136
Charge for the financial year	5,402,071	-	5,402,071	3,852,928	-	3,852,928
At end of the financial year	9,793,135	-	9,793,135	4,391,064	-	4,391,064
Net carrying amounts	261,094,511	91,443,386	352,537,897	266,535,509	78,429,620	344,965,129
Estimated fair value	345,012,998	382,945,693	727,958,691	321,919,190	431,244,000	753,163,190

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 14. INVESTMENT PROPERTIES (cont'd)

Included in the Group's investment properties are land held under long-term leasehold interest of RM8,595,144 (2015: RM8,696,341) which expires in the year ranging from 2081 to 2105.

Completed investment properties comprise 19 units double storey shophouses, commercial buildings, a sports complex, shopping complex, private medical central and vacant land whilst IPUC consists of vacant land, an international school and a hotel under construction.

The Group's freehold and leasehold investment properties with a net carrying amount of RM280,558,318 and RM10,730,458 respectively (2015: RM279,642,707 and RM10,978,003) are pledged to secure the Group's bank borrowings as mentioned in Note 28.

The estimated fair values of the completed investment properties and freehold land in IPUC were arrived at by the directors of the Company by reference to similar properties in the locality and adjusting for location, terrain, size, present market trends and other differences. The significant unobservable input used in the valuation method is price per square foot.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December are as follows:

Group	Fair value measurement using			Total RM
	Level 1 RM	Level 2 RM	Level 3 RM	
<b>2016</b>				
Investment properties	-	-	727,958,691	727,958,691
<b>2015</b>				
Investment properties	-	-	753,163,190	753,163,190

### 15. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
<b>Cost</b>				
<b>2016</b>				
At beginning of the financial year	270,135,594	35,423,085	63,056,980	368,615,659
Additions	2,805,469	105,554	10,516,653	13,427,676
Transfer to investment property	(3,029,240)	-	(343,219)	(3,372,459)
Transfer to property development costs (Note 18)	(2,140,031)	-	(190,855)	(2,330,886)
Transfer from property development cost (Note 18)	2,996,821	-	-	2,996,821
Disposal of land (Note 5)	-	-	(1,782,904)	(1,782,904)
At end of the financial year	270,768,613	35,528,639	71,256,655	377,553,907

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 15. LAND HELD FOR PROPERTY DEVELOPMENT (cont'd)

Group	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
<b>Cost</b>				
2015				
At beginning of the financial year	245,684,970	37,024,116	53,157,814	335,866,900
Reclassification	168,004	(168,004)	-	-
Additions #	25,253,009	-	13,626,878	38,879,887
Transfer to property development costs (Note 18)	(970,389)	-	(199,747)	(1,170,136)
Disposal of land (Note 5)	-	(1,433,027)	(3,527,965)	(4,960,992)
At end of the financial year	<u>270,135,594</u>	<u>35,423,085</u>	<u>63,056,980</u>	<u>368,615,659</u>

# Included an amount of RM23,756,521 on deferred payment terms.

Freehold land and leasehold land and development expenditure of the Group with carrying amount of RM194,113,572 (2015: RM185,916,003) are pledged as security for bank borrowings as mentioned in Note 28.

Titles to certain freehold land and leasehold land and development expenditure of the Group with the following carrying amounts are registered under the names of the previous proprietors' name:

#### Titles not in company's name

	Group	
	2016 RM	2015 RM
Land held for property development	<u>167,460,889</u>	<u>162,110,201</u>

Titles of freehold land with carrying amount of RM27,250,156 (2015: RM23,816,507) have been on lien holder's caveat by the vendor's financier.



## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 16. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2016 RM	2015 RM Restated
<b>Deferred tax assets</b>		
At 1 January		
- As previously stated	46,443,976	26,609,850
- Prior year adjustment (Note 45)	3,671,687	-
	<hr/>	<hr/>
- As restated	50,115,663	26,609,850
Recognised in profit or loss	5,731,162	23,505,813
	<hr/>	<hr/>
At 31 December	<u>55,846,825</u>	<u>50,115,663</u>
<b>Deferred tax liabilities</b>		
At 1 January	(43,372,513)	(43,676,625)
Recognised in profit or loss	1,384,785	304,112
	<hr/>	<hr/>
At 31 December	<u>(41,987,728)</u>	<u>(43,372,513)</u>

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities of the Group.

The components of deferred tax assets and liabilities as at the reporting date are as follows:-

	Group	
	2016 RM	2015 RM Restated
<b>Deferred tax assets</b>		
Deductible temporary differences in respect of expenses	79,830	73,500
Arising from transfer of property development cost		
or inventories to investment properties	1,351,742	1,351,700
Differences between the carrying amount of property,		
plant and equipment and its tax base	(813,042)	(1,012,900)
Interest attributable to property development cost	22,716,225	18,973,800
Provision for future operating lease commitment	4,083,849	8,730,887
Unabsorbed capital allowances	-	883,400
Unrealised profit on development properties	28,428,221	21,115,276
	<hr/>	<hr/>
	<u>55,846,825</u>	<u>50,115,663</u>
<b>Deferred tax liabilities</b>		
Differences between the carrying amount of property,		
plant and equipment and its tax base	(522,122)	(1,043,809)
Deductible temporary differences in respect of expenses	38,040	88,024
Fair value adjustment on consolidation	(41,503,646)	(42,416,728)
	<hr/>	<hr/>
	<u>(41,987,728)</u>	<u>(43,372,513)</u>

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 16. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
		<b>Restated</b>
Investment tax allowance	2,201,002	2,201,000
Unutilised tax losses	52,356,758	51,784,358
Unabsorbed capital allowances	6,787,374	7,561,692
	<u>61,345,134</u>	<u>61,547,050</u>

### 17. GOODWILL ON CONSOLIDATION

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
At beginning/end of the financial year	<u>17,626,036</u>	<u>17,626,036</u>

The carrying amounts of goodwill allocated to the Group's cash generating unit ("CGU") are based on the CGU's excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets and liabilities. The goodwill was allocated to the Group's property development segment.

The recoverable amount of a Cash Generating Unit ("CGU") is determined based on value-in-use calculations using 3 years of cash flow projections from financial budgets and projections approved by management. Cash flows beyond the five-year period are extrapolated using growth rates stated below.

The calculation of value-in-use for the CGU is most sensitive to the following key assumptions:

- (i) Budgeted gross margins – Gross margins are based on management's estimate on the industry trends and historical gross margins achieved.
- (ii) Growth rates – Growth rates are based on the Company's estimates calculated based on sector and industry trends, general market and economic conditions, planned and existing projects and other available information for the next 3 years and assuming no growth for subsequent years.
- (iii) Pre-tax discount rate – Discount rate reflects the current market assessment of the risks specific to the segment.

No impairment loss was required for the goodwill assessed as its recoverable amount was in excess of its carrying amount.

In assessing the value-in-use, management does not foresee any possible changes in the above key assumptions that would cause the carrying amounts of goodwill to materiality exceed its recoverable amount.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 18. PROPERTY DEVELOPMENT COSTS

	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
<b>Group 2016</b>				
<b>Cumulative property development costs</b>				
At beginning of the financial year	170,221,406	4,693,510	301,421,590	476,336,506
Cost incurred during the financial year	639,085	-	133,589,902	134,228,987
Transfer from land held for property development (Note 15)	2,140,031	-	190,855	2,330,886
Transfer to land held for property development (Note 15)	(2,996,821)	-	-	(2,996,821)
Adjustment on completion of projects	(79,429)	(109,903)	(85,769,101)	(85,958,433)
Unsold units transferred to inventories	(4,118,102)	-	(108,936,982)	(113,055,084)
At end of the financial year	<u>165,806,170</u>	<u>4,583,607</u>	<u>240,496,264</u>	<u>410,886,041</u>
<b>Cumulative costs recognised in profit or loss</b>				
At beginning of the financial year	(16,949,128)	(591,751)	(58,378,817)	(75,919,696)
Recognised during the financial year (Note 5)	(2,762,869)	-	(44,702,759)	(47,465,628)
Adjustment on completion of projects	79,429	221,018	85,657,985	85,958,432
At end of the financial year	<u>(19,632,568)</u>	<u>(370,733)</u>	<u>(17,423,591)</u>	<u>(37,426,892)</u>
Property development costs at end of the financial year	<u>146,173,602</u>	<u>4,212,874</u>	<u>223,072,673</u>	<u>373,459,149</u>

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 18. PROPERTY DEVELOPMENT COSTS (cont'd)

	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
<b>Group 2015</b>				
<b>Cumulative property development costs</b>				
At beginning of the financial year	164,001,434	4,989,864	157,024,918	326,016,216
Cost incurred during the financial year	8,455,785	-	167,566,675	176,022,460
Transfer from land held for property development (Note 15)	970,389	-	199,747	1,170,136
Adjustment on completion of projects	(3,110,888)	(290,738)	(19,218,830)	(22,620,456)
Unsold units transferred to inventories	(95,314)	(5,616)	(4,150,920)	(4,251,850)
At end of the financial year	<u>170,221,406</u>	<u>4,693,510</u>	<u>301,421,590</u>	<u>476,336,506</u>
<b>Cumulative costs recognised in profit or loss</b>				
At beginning of the financial year	(14,928,262)	(854,745)	(18,232,264)	(34,015,271)
Recognised during the financial year (Note 5)	(5,131,754)	(27,744)	(59,365,383)	(64,524,881)
Adjustment on completion of projects	3,110,888	290,738	19,218,830	22,620,456
At end of the financial year	<u>(16,949,128)</u>	<u>(591,751)</u>	<u>(58,378,817)</u>	<u>(75,919,696)</u>
Property development costs at end of the financial year	<u>153,272,278</u>	<u>4,101,759</u>	<u>243,042,773</u>	<u>400,416,810</u>

Included in property development costs incurred during the financial year are:

	Group	
	2016 RM	2015 RM
Depreciation of property, plant and equipment	3,821,061	5,146,016
Employee benefits expense (Note a)	8,046,482	6,853,466
Interest on borrowing capitalised (Note 7)	5,241,220	3,706,512
Rental of equipment	1,633,140	506,051
	<u>18,742,903</u>	<u>16,212,045</u>

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 18. PROPERTY DEVELOPMENT COSTS (cont'd)

(a) Included in employee benefits expenses are the followings:-

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Salaries, bonus and other staff related costs	7,643,774	6,344,251
Employees Provident Fund	368,152	465,924
Socso	34,556	43,291
	8,046,482	6,853,466

The Group's freehold and leasehold land and development expenditure with a net carrying amount of RM393,362,388 (2015: RM356,443,890) are pledged to secure the Group's bank borrowings as mentioned in Note 28.

Title of leasehold land of the Group with property development costs of RM9,913,654 (2015: RM10,386,763) registered under the name of a third party.

Included in development expenditure in the previous financial year was an amount of RM3,326,861 being entitlement of landowners pursuant to joint venture agreements and turnkey contracts to undertake property development projects. The titles to the development land will be transferred from landowners to the purchasers of the properties.

### 19. INVENTORIES

	<b>2016</b>	<b>Group</b>	
	<b>RM</b>	<b>2015</b>	<b>1.1.2015</b>
		<b>RM</b>	<b>RM</b>
<b>Cost</b>		<b>Restated</b>	<b>Restated</b>
Building materials and consumables	361,773	376,089	359,243
Properties held for sale	70,278,651	57,942,883	292,552,651
Stationery and housekeeping supplies	729,863	437,075	281,648
	71,370,287	58,756,047	293,193,542

The Group's inventories with a carrying amount of RM7,810,414 (2015: RMnil) are pledged to secure the Group's bank borrowings as mentioned in Note 28.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 20. RECEIVABLES AND DEPOSITS

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>Non-current</b>					
<b>Non-trade</b>					
Other receivables	(b)	4,935,486	6,774,861	-	-
<b>Trade</b>					
Trade receivables		147,845,794	61,761,741	-	-
Less: Allowance for impairment loss		(838,395)	(503,836)	-	-
	(a)	147,007,399	61,257,905	-	-
<b>Non-trade</b>					
Other receivables		12,741,805	14,510,542	-	-
Less: Allowance for impairment loss		(1,343,379)	(1,160,617)	-	-
	(b)	11,398,426	13,349,925	-	-
GST refundable		2,815,571	2,890,473	-	-
Sundry deposits		3,667,341	3,791,408	-	-
Amounts owing by subsidiaries	(c)	-	-	33,239,551	33,239,553
		17,881,338	20,031,806	33,239,551	33,239,553
		164,888,737	81,289,711	33,239,551	33,239,553

#### (a) Trade receivables

Trade receivables are non-interest bearing and generally on credit terms ranging from 14 to 180 (2015: 14 to 180) days. Credit terms for sales of commercial properties range from 14 to 270 (2015: 14 to 270) days.

Included in trade receivables are:

- (i) an amount of RM5,666,456 (2015: RM206,445) owing by a company related to a director;
- (ii) an amount of RM22,474,955 (2015: RM3,626,542) owing by certain directors of the Company;
- (iii) an amount of RM9,097,968 (2015: RM4,941,670) owing by persons related to directors; and
- (iv) retention sums amounting to RM15,556,979 (2015: RM16,046,713) held by stakeholders.

The amounts owing by a company related to a director, certain directors and persons related to directors are in respect of purchase of properties from the Group and is under the normal credit term granted to customers.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 20. RECEIVABLES AND DEPOSITS (cont'd)

#### (a) Trade receivables (cont'd)

##### Ageing analysis of trade receivables

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Neither past due nor impaired	73,167,003	36,680,619
1 to 30 days past due not impaired	40,637,146	1,705,071
31 to 60 days past due not impaired	2,512,825	4,387,923
61 to 90 days past due not impaired	4,353,126	1,925,434
91 to 120 days past due not impaired	6,264,270	5,212,612
121 to 150 days past due not impaired	1,447,515	1,132,587
More than 121 days past due not impaired	18,625,514	10,213,659
	73,840,396	24,577,286
Impaired	838,395	503,836
	<u>147,845,794</u>	<u>61,761,741</u>

##### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired comprise property purchasers mostly with end financing facilities from reputable end-financiers and the government whilst the others are creditworthy customers with good payment records with the Group.

##### Receivables that are impaired

The movements of the allowance accounts used to record the impairment loss are as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
At beginning of the financial year	503,836	3,170,962
Charge for the financial year (Note 6)	344,559	-
Reversal of impairment losses (Note 6)	(10,000)	(2,667,126)
At end of the financial year	<u>838,395</u>	<u>503,836</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 20. RECEIVABLES AND DEPOSITS (cont'd)

#### (b) Other receivables

Included in other receivables are amounts of:

- (i) RM614,088 (2015: RM614,338) advanced to a third party in connection with a turnkey construction agreement for the construction of residential properties; and
- (ii) RM7,557,355 (2015: RM9,396,730) being housing loan interest paid in advance for the purchasers during the development period which will be settled by the purchasers upon completion of the properties.
- (iii) RM219,343 (2015: RM1,059,968) owing by a company related to a director arising from sale of building materials. This amount is unsecured, non-interest bearing and on credit term of 30 days.

The movements of the allowance accounts used to record the impairment loss on other receivables are as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
At beginning of the financial year	1,160,617	1,968,399
Charge for the financial year (Note 6)	244,947	498,039
Reversal of impairment losses (Note 6)	(62,185)	(1,305,821)
	1,343,379	1,160,617
	1,343,379	1,160,617

#### (c) Amount owing by subsidiaries

These amounts are unsecured, interest free, expected to be settled in cash and are receivable on demand.



## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 21. OTHER NON-CURRENT/CURRENT ASSETS

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>Non-current</b>					
Deposits for joint venture and turnkey contracts	(a)	398,536,670	321,046,670	-	-
<b>Current</b>					
Accrued billings in respect of property development cost		863,736	10,216,392	-	-
Amounts due from customers for contract works (Note 22)		7,288,514	27,234,391	-	-
Deposits for acquisition of development lands		125,211	90,561	-	-
Mobilisation deposits	(b)	13,598,463	8,586,432	-	-
Prepayments		927,304	987,406	2,077	2,077
		<u>22,803,228</u>	<u>47,115,182</u>	<u>2,077</u>	<u>2,077</u>

#### (a) Deposits for joint venture and turnkey contracts

The security deposits for joint venture and turnkey contract transactions in other non-current assets are for development work which has yet to commence. The directors are reasonably optimistic that these development works will commence in the future and therefore ensure the recovery of the security deposits. Security deposits amounting to RM308,277,900 (2015: RM199,857,900) related to freehold land and leasehold land are pledged to secure bank facilities granted to subsidiary as mentioned in Note 28.

#### (b) Mobilisation deposits

These amounts are paid to architects and other professional services for future development projects. The directors, after considering all relevant and available information, are of the opinion that these amounts are fully recoverable.

**NOTES TO THE FINANCIAL STATEMENTS**

– 31 DECEMBER 2016 (cont'd)

**22. AMOUNT DUE FROM/(TO) CUSTOMERS ON CONTRACTS**

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Construction contract cost incurred to date	22,631,119	64,677,823
Attributable profits	3,467,320	26,246,845
	<u>26,098,439</u>	<u>90,924,668</u>
Less: Progress billings received and receivable	(15,941,016)	(87,054,538)
Less: Foreseeable losses	(2,868,909)	(69,168)
	<u>7,288,514</u>	<u>3,800,962</u>
Presented as:		
Gross amounts due from customers on contracts (Note 21)	7,288,514	27,234,391
Gross amounts due to customers on contracts (Note 30)	-	(23,433,429)
	<u>7,288,514</u>	<u>3,800,962</u>

Included in amounts due from customers incurred during the financial year are:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Depreciation of property, plant and equipment	1,148,033	4,140,799
Employee benefits expenses (Note a)	791,959	524,796
Rental of plant and machinery	936,971	1,275,849
Rental of equipment	90,884	1,345,340
	<u>1,967,847</u>	<u>7,286,784</u>

(a) Included in employee benefits expenses are the followings:-

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Salaries, bonus and other staff related costs	791,959	524,796
	<u>791,959</u>	<u>524,796</u>

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 23. TERM DEPOSITS AND SHORT TERM FUND

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Short term fund with licensed fund management company		
- redeemable at call	434,686	437,420
Cash deposit with licensed banks	570,734	548,706
	1,005,420	986,126

The interest rates and maturities of deposits as at the reporting date are as follows:

	<b>Maturities</b>		<b>Interest rates</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Days</b>	<b>Days</b>	<b>%</b>	<b>%</b>
Licensed banks				
- Term deposits	15 - 352	15 - 352	2.15 - 3.15	2.15 - 3.15

The fixed deposits amounting to RM570,734 (2015: RM548,706) are pledged as security for bank guarantee facilities granted to the Group.

Included in fixed deposits is an amount of RM 156,186 (2015: RM156,186) held in trust by a director of the Company.

### 24. CASH AND BANK BALANCES

#### Group

Included in cash at banks of the Group are amounts of RM25,185,157 (2015: RM9,044,037) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and are restricted from use in other operations.

**NOTES TO THE FINANCIAL STATEMENTS**

- 31 DECEMBER 2016 (cont'd)

**25. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES**

	Group and Company					
	Number of ordinary shares of RM 1 each		← Amount →			
	Share capital (issued and fully paid)	Treasury shares	Share capital (issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 1 January 2015	441,446,129	(30,699,334)	441,446,129	52,226,740	493,672,869	(57,565,069)
Share dividends	-	3,977,119	-	(7,528,562)	(7,528,562)	7,528,562
Share buy back	-	(12,683,300)	-	-	-	(24,556,898)
At 31 December 2015	441,446,129	(39,405,515)	441,446,129	44,698,178	486,144,307	(74,593,405)
Share dividends	-	37,091,224	-	(44,698,178)	(44,698,178)	70,212,043
Bonus issue	87,553,450	-	87,553,450	-	87,553,450	-
Share buy back	-	(1,347,300)	-	-	-	(2,549,836)
As at 31 December 2016	528,999,579	(3,661,591)	528,999,579	-	528,999,579	(6,931,198)

During the financial year, the issued and paid-up share capital of the Company increased from RM441,446,129 to RM528,999,579 by way of bonus issue of 87,553,450 new ordinary shares of RM1/- each via capitalisation from retained earnings on the basis of one (1) new ordinary share for every five (5) existing ordinary shares.

The newly issued ordinary shares rank pari passu in all respects with the existing shares of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 25. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (cont'd)

#### (a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

#### (b) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

The share premium may be utilised in the manner set out in Section 60(3) of the Companies Act 1965 in Malaysia.

#### (c) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Company acquired 1,347,300 (2015: 12,683,300) shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM2,549,836 (2015: RM24,556,898) and this was presented as a component within shareholders' equity.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

### 26. OTHER RESERVES

Group	Capital reserve RM	Translation reserve RM	Total RM
<b>Transactions with owners:</b>			
At 1 January 2015	26,578,054	906,742	27,484,796
Foreign currency translation reserve	-	5,606,070	5,606,070
At 31 December 2015	26,578,054	6,512,812	33,090,866
Foreign currency translation reserve	-	1,612,935	1,612,935
At 31 December 2016	26,578,054	8,125,747	34,703,801

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 26. OTHER RESERVES (cont'd)

The nature and purpose of each category of reserves are as follows:

#### (a) Share option reserve

Share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

#### (b) Capital reserve

This arose from the changes in fair value of the subsidiaries acquired.

#### (c) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of entities within the Group with functional currencies other than RM (foreign operations).

### 27. RETAINED EARNINGS

The Company is able to distribute dividends out of its entire retained earnings under the single tier system.

### 28. BORROWINGS

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Non-current</b>		
Secured:		
Term loans	253,728,760	224,305,476
Finance lease liabilities	5,391,417	18,243,068
	259,120,177	242,548,544
<b>Current</b>		
Secured:		
Bank overdrafts (Note 33)	119,126,410	73,890,485
Revolving credits	503,261,810	458,064,439
Term loans	7,150,833	10,446,463
Finance lease liabilities	15,913,113	14,051,142
	645,452,166	556,452,529
	904,572,343	799,001,073

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 28. BORROWINGS (cont'd)

#### Bank overdrafts

Bank overdrafts are denominated in Ringgit Malaysia, bear interest ranging from 6.60% to 8.35% (2015: 6.85% to 8.35%) per annum and are secured by the followings:

- (i) legal charges over certain property, plant and equipment, land held for property development, investment properties, development properties and inventories of the subsidiaries; and
- (ii) corporate guarantee from the Company.

#### Revolving credits

Revolving credits which are denominated in Ringgit Malaysia, bear interest at rates ranging from 4.80% to 5.94% (2015: 5.15% to 5.50% ) per annum and are secured by the followings:

- (i) legal charges over certain property, plant and equipment, land held for property development, investment properties, development properties and inventories of the subsidiaries;
- (ii) legal charge over land held for property development in the name of a joint venture partner; and
- (iii) corporate guarantee from the Company.

The terms and conditions of the term loans of the Group are as follows:

	Repayment terms	Interest rate	Security	Amounts outstanding	
				2016 RM	2015 RM
(i)	Repayable by 84 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM11,933, 49th to 83rd instalment of RM14,709 and 84th instalment of RM5,127,197	1.50% above bankers' cost of funds	Legal charge over certain inventories of the Group*	5,550,475	5,711,025
(ii)	Repayable by 84 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM107,401, 49th to 83rd instalment of RM132,377 and 84th instalment of RM46,144,773	1.50% above bankers' cost of funds	Legal charge over certain inventories of the Group*	49,954,275	51,399,360

**NOTES TO THE FINANCIAL STATEMENTS**

– 31 DECEMBER 2016 (cont'd)

**28. BORROWINGS** (cont'd)

The terms and conditions of the term loans of the Group are as follows: (cont'd)

	Repayment terms	Interest rate	Security	Amounts outstanding	
				2016 RM	2015 RM
(iii)	Repayable by 84 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM11,933, 49th to 83rd instalment of RM14,709 and 84th instalment of RM5,127,197	1.50% above bankers' cost of funds	Legal charge over certain inventories of the Group*	5,576,889	5,738,546
(iv)	Repayable by 84 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM107,401, 49th to 83rd instalment of RM132,377 and 84th instalment of RM46,144,773	1.50% above bankers' cost of funds	Legal charge over certain inventories of the Group*	50,191,993	51,619,687
(v)	Repayable by 47 monthly instalments of RM111,459 each commencing on the 37th month from the first drawdown.	1.50% above bankers' cost of funds	Legal charge over certain joint development land of the Group*	3,571,396	4,910,754
(vi)	Repayable by 84 monthly instalments of RM107,143 each commencing on the 37th month from the first drawdown.	1.50% above bankers' cost of funds	Legal charge over certain joint development land of the Group*	3,165,179	7,644,564



## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 28. BORROWINGS (cont'd)

The terms and conditions of the term loans of the Group are as follows: (cont'd)

Repayment terms	Interest rate	Security	Amounts outstanding	
			2016 RM	2015 RM
(vii) Repayable by 156 monthly instalments commencing on the 49th month from the first drawdown. 49th to 60th instalment of RM50,000, 61st to 96th instalment of RM125,000, 97th to 132nd instalment of RM175,000. 133rd to 156th instalment of RM225,000, 157th to 168th instalment of RM275,000, 169th to 192nd instalment of RM325,000, 193rd to 203rd instalment of RM375,000 and 204th instalment of RM8,775,000	1.50% above bankers' cost of funds	Legal charge over certain inventories of the Group*	40,830,125	40,824,368
(viii) Repayable by 59 monthly instalment of RM834,000 each with final principal repayment of RM794,000 commencing 37th from the date of first drawdown	1.65% above bankers' cost of funds	Legal charge over certain development land of the Group*	93,039,261	66,903,635
(ix) Repayable by 120 equal instalments of RM96,873 commencing on the 7th month from the date of first drawdown	1.75% above bankers' cost of funds	Legal charge over certain investment properties of the Group*#	9,000,000	-
			260,879,593	234,751,939

\* The term loans are guaranteed by the Company.

# The term loans are guaranteed by the Company and Directors

The term loans bear interest at rates ranging from 4.15% to 6.0% (2015: 4.5% to 6.0%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 28. BORROWINGS (cont'd)

The maturity profile of loans and borrowings of the Group is as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
On demand or within one year	645,452,166	556,452,529
More than 1 year and less than 5 years	188,438,805	193,270,263
More than 5 years	70,681,372	49,278,281
	904,572,343	799,001,073

#### Finance lease liabilities

Finance lease liabilities are payable as follows:

<b>Group</b>	<b>Future minimun lease payment</b>	<b>Future finance charges</b>	<b>Present value of minimum lease payment</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2016</b>			
Within 1 year	16,351,162	438,049	15,913,113
Later than 1 year but not more than 5 years	5,453,301	61,884	5,391,417
	21,804,463	499,933	21,304,530
<b>2015</b>			
Within 1 year	15,857,706	1,806,564	14,051,142
Later than 1 year but not more than 5 years	18,436,599	193,531	18,243,068
	34,294,305	2,000,095	32,294,210

The finance lease liabilities bear effective interest at rates ranging from 2.80% to 4.05% (2015: 3.61% to 4.61%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 29. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>Non-current</b>					
<b>Non-trade</b>					
Land costs payable	(c)	15,653,789	16,182,820	-	-
<b>Current</b>					
<b>Trade</b>					
Trade payables	(a)	57,688,897	46,045,809	-	-
<b>Non-trade</b>					
Other payables	(b)	54,561,436	35,993,897	406,203	378,248
Land costs payable	(c)	12,647,917	11,000,000	-	-
GST payable		5,083,577	2,197,451	-	-
Deposits		5,810,166	2,998,754	-	-
Accruals		8,948,539	13,401,167	-	48,209
Amount owing to a director		322,680	279,121	-	-
Amount owing to a subsidiary	(d)	-	-	7,841,015	3,141,634
		87,374,315	65,870,390	8,247,218	3,568,091
		145,063,212	111,916,199	8,247,218	3,568,091

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 90 days (2015: 14 to 90 days).

Included in trade payables are:

- (i) amount owing to companies related to certain directors of RM2,420,492 (2015: RM3,384,683), which is under normal trade term; and
- (ii) retention sums of RM2,720,874 (2015: RM1,599,220).

(b) Other payables

Included in other payables of the Group are:

- (i) unsecured advances to the Group amounting to RM49,048,837 (2015: RM17,303,323) which are owing to companies in which certain directors have significant financial interest. The amounts owing are non-interest bearing, expected to be settled in cash and are repayable on demand;

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 29. PAYABLES AND ACCRUALS (cont'd)

- (b) Other payables (cont'd)
- (ii) landowners' entitlement amounting to RM468,732 (2015: RM1,961,073) pursuant to the joint venture agreements entered into with the landowners; and
  - (iii) unsecured advances to the Group amounting to RM258,656 (2015: RMnil) which are owing to persons related to certain directors have significant financial interest. The amounts owing are non-interest bearing, expected to be settled in cash and are repayable on demand.
- (c) Land costs payable which is under deferred payment terms have been derived based on discount rate of 6%.
- (d) This amount is unsecured, interest free, expected to be settled in cash and is repayable on demand.

### 30. OTHER CURRENT LIABILITIES

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Progress billings in respect of property development costs	29,588,327	74,260
Amounts due to customers on contracts (Note 22)	-	23,433,429
Deposits from purchasers of properties	-	28,653,000
	29,588,327	52,160,689

### 31. PROVISIONS

<b>Group</b>	<b>Future Operating Lease Commitment</b>	<b>Rectification Work</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2016</b>			
At beginning of the financial year	21,080,000	296,920	21,376,920
Prior year adjustment (Note 45)	15,298,697	-	15,298,697
	36,378,697	296,920	36,675,617
At beginning of the financial year (Restated)	36,378,697	296,920	36,675,617
Provision during the financial year (Note 6)	4,792,132	534,004	5,326,136
Utilitisation during the financial year	(27,023,697)	(588,407)	(27,612,104)
	14,147,132	242,517	14,389,649
At end of the financial year	14,147,132	242,517	14,389,649
<b>2015</b>			
At beginning of the financial year	30,367,000	663,843	31,030,843
Provision during the financial year (Restated) (Note 6)	26,763,322	522,232	27,285,554
Utilitisation during the financial year	(20,751,625)	(889,155)	(21,640,780)
	36,378,697	296,920	36,675,617
At end of the financial year	36,378,697	296,920	36,675,617

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 31. PROVISIONS (cont'd)

The above provisions are classified as follows:

Group 2016	Future Operating Lease Commitment RM	Rectification Work RM	Total RM
Non-current	5,914,839	-	5,914,839
Current	8,232,293	242,517	8,474,810
	<u>14,147,132</u>	<u>242,517</u>	<u>14,389,649</u>
<b>2015</b>			
Non-current	9,355,000	-	9,355,000
Current	27,023,697	296,920	27,320,617
	<u>36,378,697</u>	<u>296,920</u>	<u>36,675,617</u>

#### Rectification work

A provision is recognised for expected rectification works on completed contracts. It is expected that most of these costs will be incurred within one year after the completion of the construction contract.

Based on management's past experience, provision for rectification works are computed at 0.2% (2015: 0.2%) on the total contracted sum of completed contracts.

#### Future operating lease commitment

The Group entered into non-cancellable leaseback of certain units of service apartments from purchasers at 8% per annum of the respective units' sales consideration for the period up to August 2019. A provision is recognised where the expected benefits to be derived by the Group from the service apartments is less than the operating lease commitments. The obligation for the discounted future payments, net of expected income, has been provided for.

### 32. DIVIDENDS

	Group/Company	
	2016 RM	2015 RM
Share dividends:		
- final share dividend for 2014: 1 for every 100 existing ordinary shares	-	7,528,562
- 1st interim share dividend for 2015: 1 treasury share for every 100 existing ordinary shares	7,603,368	-
- 1st interim share dividend for 2016: 1 treasury share for every 25 existing ordinary shares	30,741,423	-
- final share dividend for 2015: 1 treasury share for every 25 existing ordinary shares	31,867,252	-
	<u>70,212,043</u>	<u>7,528,562</u>

The directors do not recommend the payment of any final dividends in respect of the financial year ended 31 December 2016.

**NOTES TO THE FINANCIAL STATEMENTS**

– 31 DECEMBER 2016 (cont'd)

**33. NOTES TO STATEMENTS OF CASH FLOWS**

Cash and cash equivalents as at end of the financial year consist of:

	<b>Group</b>		<b>Company</b>	
	<b>2016 RM</b>	<b>2015 RM</b>	<b>2016 RM</b>	<b>2015 RM</b>
Term deposits and fixed income fund	1,005,420	986,126	-	-
Cash and bank balances	34,061,290	29,843,684	185,660	130,229
Bank overdrafts (Note 28)	(119,126,410)	(73,890,485)	-	-
	<u>(84,059,700)</u>	<u>(43,060,675)</u>	<u>185,660</u>	<u>130,229</u>
Term deposits pledged (Note 23)	(570,734)	(548,706)	-	-
	<u>(84,630,434)</u>	<u>(43,609,381)</u>	<u>185,660</u>	<u>130,229</u>

**34. RELATED PARTY DISCLOSURES**

## (a) Identify of related parties

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

The Company has a related party relationship with its subsidiaries, key management personnel, companies related to directors and persons related to directors. Companies related to directors refer to companies in which certain directors of the Company have substantial financial interests.

## (b) Related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year:

<b>(Received and receivable from)/ Paid and payable to related parties</b>		<b>Group</b>	
		<b>2016 RM</b>	<b>2015 RM</b>
<b>Director related company/firm</b>	<b>Transactions</b>		
Arena Inovasi Sdn. Bhd.	Entitlement payable	-	2,035,836
Actual Future Sdn. Bhd.	Purchase of construction materials	75,556	-
Various Promotion Sdn. Bhd.	Purchase of construction materials	826,651	1,221,932

**NOTES TO THE FINANCIAL STATEMENTS**

– 31 DECEMBER 2016 (cont'd)

**34. RELATED PARTY DISCLOSURES** (cont'd)

(b) Related party transactions and balances are as follows: (cont'd)

(Received and receivable from)/ Paid and payable to related parties	Group	2016	2015
		RM	RM
<b>Director related company/firm</b>	<b>Transactions</b>		
Rapid Synergy Bhd.	Rental of property	302,438	72,864
Kar Sin Hardware Sdn. Bhd.	Rental of equipment and transportation	3,269,415	4,356,113
	Sale of properties	(3,281,009)	-
Kar Sin Ready Mix Sdn. Bhd.	Purchase of construction materials	2,303,844	5,098,376
	Rental income of properties	(60,000)	(60,000)
N.A.B. Holdings Bhd.	Rental of equipment and transportation	126,360	232,440
Mutual Boundary Sdn. Bhd.	Purchase of construction materials	144,000	-
Yu & Associates	Legal services	1,995,933	2,894,022
	Rental of office receivable	(36,000)	(36,000)
Kar Sin One Sdn. Bhd.	Sale of properties	-	(2,929,000)
Kar Sin Target Sdn. Bhd.	Sale of properties	(6,736,000)	-
Halim & Yu Sdn. Bhd.	Sale of properties & renovation work	-	(5,120,000)
Kar Sin City Sdn. Bhd.	Sale of properties	-	(4,601,330)
<b>Director</b>			
- directors	Sale of properties	(52,845,080)	(21,732,302)
	Legal services	345,590	580,340
	Guarantee return payable	14,328,395	10,522,142
- persons related to directors	Sale of properties	(48,292,380)	(6,257,944)
	Employee benefits	8,832,970	6,259,815
	Guarantee return payable	2,940,057	2,084,141

Companies related to a director:

- (i) Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT, who is the managing director and major shareholder of YNH Property Bhd., owns 85% equity interest in Kar Sin Hardware Sdn. Bhd. and 75% equity interest in N.A.B Holdings Sdn. Bhd.
- (ii) Kar Sin Ready Mix Sdn. Bhd. is a company in which Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT holds 50% equity interest and Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS holds the remaining 50% equity interest.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 34. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions and balances are as follows: (cont'd)

Companies related to a director: (cont'd)

- (iii) Yu & Associates is a solicitor firm owned by sibling of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT and Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS.
- (iv) Rapid Synergy Bhd. is a company in which Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS is a non-independent and non-executive director.
- (v) Various Promotion Sdn. Bhd. is a company owned by spouse of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.
- (vi) Kar Sin One Sdn. Bhd. is a company owned by the sons of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.
- (vii) Halim & Yu Sdn. Bhd. is a company owned by Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT and his spouse.
- (viii) Kar Sin City Sdn. Bhd. is a company owned by the daughters of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.
- (ix) Arena Innovasi Sdn. Bhd. is a wholly-owned subsidiary of Perumahan Manjung Sdn. Bhd. Perumahan Manjung Sdn. Bhd. is a company in which Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT and Dato' Dr Yu Kuan Chon, DIMP, PPT, MBBS both holds 46% equity interest.
- (x) Actual Future Sdn. Bhd. is owned by sons of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.
- (xi) Kar Sin Target Sdn. Bhd. is a company in which Dato' Dr Yu Kuan Chon, DIMP, PPT, MBBS has interest.
- (xii) Mutual Boundary Sdn. Bhd. is owned by sons of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.
- (xiii) The guarantee return payable is in respect of purchase guarantee return of Lot 163 (Fraser Place Kuala Lumpur) and Lot 188 (Fraser Residence Kuala Lumpur) in which all the purchasers are entitled to for the unit purchased and leased back.

Sales of properties

The sales of properties represent the agreed consideration as per the sale and purchase agreements entered into between the Group and the related parties on sales of completed properties and properties under development.

Information regarding outstanding balances arising from related party transactions as at the reporting date is disclosed in Notes 20 and 29.



## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 34. RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Executive</b>				
Salaries and other emoluments	8,765,088	10,261,566	-	-
Employees Provident Fund	1,787,223	2,112,172	-	-
Bonus	641,348	855,130	-	-
Estimated monetary value of benefits-in-kind	15,300	49,800	-	-
	<u>11,208,959</u>	<u>13,278,668</u>	<u>-</u>	<u>-</u>
<b>Non-executive</b>				
Directors' fees	152,830	145,550	-	145,550
Other emoluments	150,408	150,408	-	150,408
	<u>303,238</u>	<u>295,958</u>	<u>-</u>	<u>295,958</u>
	<u>11,512,197</u>	<u>13,574,626</u>	<u>-</u>	<u>295,958</u>

### 35. FINANCIAL INSTRUMENTS

(a) Categories of financial statements

The following table analyses the financial assets and liabilities in the statements of financial position by class of financial instruments to which they are assigned, and therefore by the measurement basis.

<b>Group 2016 Financial assets</b>	<b>Loans and receivables RM</b>	<b>Total RM</b>
Receivables and deposits #	167,008,652	167,008,652
Accrued billings in respect of property development cost	863,736	863,736
Amount due from customers for contract works	7,288,514	7,288,514
Cash and cash equivalents	35,066,710	35,066,710
	<u>210,227,612</u>	<u>210,227,612</u>
<b>Group 2016 Financial liabilities</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
Payables and accruals #	155,633,424	155,633,424
Borrowings	904,572,343	904,572,343
	<u>1,060,205,767</u>	<u>1,060,205,767</u>

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 35. FINANCIAL INSTRUMENTS (cont'd)

#### (a) Categories of financial statements (cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by class of financial instruments to which they are assigned, and therefore by the measurement basis. (cont'd)

<b>Group 2016 Financial assets</b>	<b>Loans and receivables RM</b>	<b>Total RM</b>
Receivables and deposits #	85,174,099	85,174,099
Accrued billings in respect of property development cost	10,216,392	10,216,392
Amount due from customers for contract works	27,234,391	27,234,391
Cash and cash equivalents	30,829,810	30,829,810
	153,454,692	153,454,692

<b>Group 2016 Financial liabilities</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
Payables and accruals #	125,901,568	125,901,568
Borrowings	799,001,073	799,001,073
	924,902,641	924,902,641

# Excluding GST refundable and GST payable

<b>Company 2016 Financial assets</b>	<b>Loans and receivables RM</b>	<b>Total RM</b>
Receivables and deposits	33,239,551	33,239,551
Cash and cash equivalents	185,662	185,662
	33,425,213	33,425,213

<b>Company 2016 Financial liabilities</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
Payables and accruals	8,247,218	8,247,218

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 35. FINANCIAL INSTRUMENTS (cont'd)

#### (a) Categories of financial statements (cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by class of financial instruments to which they are assigned, and therefore by the measurement basis. (cont'd)

<b>Company 2015 Financial assets</b>	<b>Loans and receivables RM</b>	<b>Total RM</b>
Receivables and deposits	33,239,553	33,239,553
Cash and cash equivalents	130,229	130,229
	33,369,782	33,369,782
	33,369,782	33,369,782
<b>Company 2015 Financial liabilities</b>	<b>liabilities at amortised cost RM</b>	<b>Total RM</b>
Payables and accruals	3,568,091	3,568,091
	3,568,091	3,568,091
	3,568,091	3,568,091

### 36. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

#### (a) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

The fair values of other receivables (non-current) and land cost payable are estimated by discounting future cash flows using current lending/borrowing rates for similar types of arrangements.

#### (b) Borrowings

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

The carrying amounts of long term floating rate loans are reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease is estimated using discounted cash flow analysis, based on current lending rates for similar types of arrangements.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 36. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

The carrying amounts of financial assets and liabilities recognised in the financial statements are reasonable approximation of their fair values except as follows:

	<b>Group Carrying Amount RM</b>	<b>Fair Value RM</b>
<b>2016</b>		
<b>Financial assets</b>		
Other receivables (non-current)	4,935,486	4,935,486
<b>Financial liabilities</b>		
Finance lease liabilities	21,304,530	21,503,520
Land costs payable	28,301,706	28,301,706
<b>2015</b>		
<b>Financial assets</b>		
Other receivables (non-current)	6,774,861	6,774,861
<b>Financial liabilities</b>		
Finance lease liabilities	32,294,210	30,518,968
Land cost payable	27,182,820	27,182,820

### 37. FAIR VALUE MEASUREMENT

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, the lowest level input that is significant to the fair value measurement as whole:-

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 37. FAIR VALUE MEASUREMENT (cont'd)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	Fair value of financial instruments not carried at fair value			
	Amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>2016</b>				
<b>Group</b>				
Other receivables (non-current)	4,935,486	-	-	4,935,486
Finance lease liabilities	21,503,520	-	-	21,503,520
Land costs payable	28,301,706	-	-	28,301,706
<b>2015</b>				
<b>Group</b>				
Other receivables (non-current)	6,774,861	-	-	6,774,861
Finance lease liabilities	30,518,968	-	-	30,518,968
Land costs payable	27,182,829	-	-	27,182,820

#### Policy on transfer between levels

The fair value of assets and liabilities to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

During the financial year ended 31 December 2016 and 2015, there was no transfer between the fair value measurement hierarchy.

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Financial Controller. The Audit Committee provides independent oversight to the effectiveness of risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and amounts owing by related parties. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The maximum risk associated with recognised financial assets is the carrying amounts as presented in the statements of financial position and corporate guarantee provided by the Company to banks on its subsidiaries' credit facilities.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### (a) Credit risk (cont'd)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

##### Exposure to credit risk

The Group does not have any significant credit risk exposure to any individual customer or groups of customers. The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 20.

##### Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and their financial performance.

The maximum exposure to credit risk amounts to RM883,267,813 (2015: RM766,706,863) representing the outstanding credit facilities of the subsidiaries guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiaries would default on its repayment.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantee provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by the subsidiaries and it is unlikely the subsidiaries will default within the guarantee period.

#### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The Group recorded negative cash flows from operating activities of RM74,582,151 during the financial year ended 31 December 2016 and as at that date, the current liabilities exceeded the current assets by RM159,969,519. As at 31 December 2016, the Group has short term borrowings of RM645,452,166.

As at 31 December 2016, the Group has unutilised bank facilities in which the Group is able to utilise these facilities to finance its capital expenditure, working capital and/or other funding requirements. There is no restriction under the terms of the facilities for such intended purposes.

**NOTES TO THE FINANCIAL STATEMENTS**

– 31 DECEMBER 2016 (cont'd)

**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)****(b) Liquidity risk (cont'd)**

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount RM	Total Contractual Cash flows RM	On demand or within one year RM	One to five years RM	More than five years RM
<b>2016</b>					
<b>Group</b>					
<b>Financial liabilities:</b>					
Trade and other payables	155,633,424	155,633,424	155,633,424	-	-
Borrowings	904,572,343	963,592,525	658,924,035	219,574,167	85,094,323
	<u>1,060,205,767</u>	<u>1,119,225,949</u>	<u>814,557,459</u>	<u>219,574,167</u>	<u>85,094,323</u>
<b>Company</b>					
<b>Financial liabilities:</b>					
Trade and other payables	8,247,218	8,247,218	8,247,218	-	-
Financial guarantee contracts	-	883,267,813	883,267,813	-	-
	<u>8,247,218</u>	<u>891,515,031</u>	<u>891,515,031</u>	<u>-</u>	<u>-</u>
<b>2015</b>					
<b>Group</b>					
<b>Financial liabilities:</b>					
Trade and other payables	125,901,568	125,901,568	125,901,568	-	-
Borrowings	799,001,073	859,512,277	570,296,010	222,732,604	66,483,663
	<u>924,902,641</u>	<u>985,413,845</u>	<u>696,197,578</u>	<u>222,732,604</u>	<u>66,483,663</u>
<b>Company</b>					
<b>Financial liabilities:</b>					
Trade and other payables	3,568,091	3,568,091	3,568,091	-	-
Financial guarantee contracts	-	766,706,863	766,706,863	-	-
	<u>3,568,091</u>	<u>770,274,954</u>	<u>770,274,954</u>	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates to interest bearing financial assets and financial liabilities. Interest bearing financial assets mainly include cash deposits with licensed banks. Deposits are placed for better yield returns than cash at banks and to satisfy conditions for bank guarantee.

The Group's interest bearing financial liabilities comprise bank overdrafts, revolving credits and term loans.

The fixed deposits placed with licensed banks at fixed rate exposes the Group to fair value interest rate risk. The bank overdrafts, revolving credits and term loans totaling RM883,267,813 (2015: RM766,706,863) at floating rate expose the Group to cash flow interest rate risk whilst the finance lease payable of RM21,304,530 (2015: RM32,294,210) expose the Group to fair value interest rate risk.

The Group actively reviews its debts portfolio to ensure favourable rates are obtained, taking into account the investment holding period and nature of asset.

#### Sensitivity analysis for the interest rate risk

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonably possible change in RM interest rate, with all other variables held constant.

	<b>Group</b>	
	<b>Increase/ (decrease) in basis points</b>	<b>Effect on profit net of tax RM</b>
<b>2016</b>		
- Ringgit Malaysia	25	(1,678,200)
- Ringgit Malaysia	(25)	1,678,200
	<hr/>	<hr/>
<b>2015</b>		
- Ringgit Malaysia	25	(1,498,100)
- Ringgit Malaysia	(25)	1,498,100
	<hr/>	<hr/>

### 39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2016 and 31 December 2015.



## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 39. CAPITAL MANAGEMENT (cont'd)

During the financial year, the Group monitors capital using a gearing ratio, which is net debts divided by total capital plus net debts. The gearing ratio as at 31 December 2016 and 2015 were as follows:

Note	2016 RM	2015 RM	
Borrowings	28	904,572,343	799,001,073
Trade and other payables	29	160,717,001	128,099,019
Less: Term deposits and Short term fund	33	(1,005,420)	(986,126)
Less: Cash and bank balances	33	(34,061,290)	(29,843,684)
Net debts		1,030,222,634	896,270,282
Equity attributable to the owners of the Company		907,373,929	870,308,882
Total capital and net debts		1,937,596,563	1,766,579,164
Gearing ratio		53%	51%

A subsidiary is required to comply with externally imposed capital requirements on certain debt-service ratio, debt-to-equity ratio, loan-to-valuation ratio, interest cover ratio and to maintain certain level of shareholders' equity in respect of its bank borrowings.

### 40. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on two reportable operating segments as follows:

#### (a) The property development segment

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

#### (b) The hotel and hospitality segment

Hotel and hospitality segment is the operation of and management of a hotel and its related business.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

The executive directors monitor the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before tax. Group income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments were carried out on negotiated terms.

**NOTES TO THE FINANCIAL STATEMENTS**

- 31 DECEMBER 2016 (cont'd)

**40. SEGMENT INFORMATION** (cont'd)

	Property Development		Hotel and Hospitality		Adjustment and elimination		Notes	Per consolidated financial statements	
	2016 RM	2015 RM	2016 RM	2015 RM	2016 RM	2015 RM		2016 RM	2015 RM
<b>Revenue:</b>									
External customers	296,733,697	246,182,400	72,988,663	60,312,583	-	-		369,722,360	306,494,983
Inter-segment	-	-	71,766	92,026	(71,766)	(92,026)	A	-	-
	296,733,697	246,182,400	73,060,429	60,404,609	(71,766)	(92,026)		369,722,360	306,494,983
<b>Results:</b>									
Interest income	153,278	1,286,004	1,645,822	1,097,619	(1,635,547)	(752,705)	B	163,553	1,630,918
Depreciation	6,063,366	7,471,074	6,285,968	2,340,553	-	-		12,349,334	9,811,627
Finance costs	39,126,436	37,570,758	985,167	649,246	-	(752,705)	B	40,111,603	37,467,299
Other non-cash expenses/(income)	3,970,773	(2,698,438)	4,792,132	26,663,322	-	-	C	8,762,905	23,964,884
Segment profit/(loss)	81,185,349	44,775,754	(28,819,993)	(33,740,155)	-	-		52,365,356	11,035,599
<b>Assets:</b>									
Additions to non-current assets other than financial instruments and deferred tax assets	138,303,838	140,048,406	423,234	5,401,845	-	-	D	138,727,072	145,450,251
Segment assets	1,759,401,926	1,618,932,030	302,532,189	310,908,270	-	-		2,061,934,115	1,929,840,300
<b>Liabilities:</b>									
Segment total liabilities	803,937,044	686,766,462	350,623,141	372,764,956	-	-		1,154,560,185	1,059,531,418

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 40. SEGMENT INFORMATION (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B The following item is deducted from segment interest income/finance costs to arrive at "Interest income/Finance costs" presented in the notes to the financial statements:

	<b>2016 RM</b>	<b>2015 RM</b>
Inter-segment interest	1,635,547	752,705

C Other material non-cash expenses/income consist of the following items as presented in the respective notes to the financial statements:

	<b>2016 RM</b>	<b>2015 RM</b>
Property, plant and equipment written off	119,707	85,070
Impairment loss on trade and other receivables	589,506	498,039
Provision	5,326,136	27,285,554
Provision for contract loss	2,799,741	69,168
Reversal of impairment loss on trade and other receivables	(72,185)	(3,972,947)
	<u>8,762,905</u>	<u>23,964,884</u>

D Additions to non-current assets other than financial instruments and deferred tax assets consist of:

	<b>2016 RM</b>	<b>2015 RM</b>
Land held for property development	13,427,676	38,879,887
Property, plant and equipment	2,226,058	16,443,078
Investment properties	9,641,307	49,722,028
Deposits for joint venture and turnkey contracts	113,432,031	40,405,258
	<u>138,727,072</u>	<u>145,450,251</u>

#### Geographical information

The Group's operations are located only in Malaysia.

#### Major customer information

There is no single customer with revenue equal or more than 10% of the Group revenue.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 41. OPERATING LEASE ARRANGEMENTS

#### (a) The Group as lessee

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

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
		<b>Revised</b>
Future minimum rental payments:		
Not later than 1 year	13,315,832	52,768,585
Later than 1 year and not later than 5 years	8,404,002	14,910,873
	<u>21,719,834</u>	<u>67,679,458</u>
Less: Provision for future operating lease commitment (Note 31)	(14,147,132)	(36,378,697)
	<u>7,572,702</u>	<u>31,300,761</u>

The operating lease commitments are in respect of leaseback of service apartments and office suites from the purchasers at 8% per annum of the respective units' sale consideration for the purpose of operating the serviced residence, sub-lease of office suite and use as business premises. The lease for the service apartments is for a period of 2 years from the commencement date as set out in the respective leaseback agreements and may be extended for another 3 years. The lease for the office suites is for a period of 3 years from the commencement date as set out in the respective leaseback agreements and may be extended for a period of between 2 years and 15 years.

During the financial year, the Group entered into lease arrangements with property owners for the lease of certain service apartments for a period of 2 years from the commencement date as set out in the respective tenancy agreements and may be extended for another 3 years. The monthly rental of the said leases are computed based on the profit available for distribution after deduction of operating expenses and are distributed to respective property owners based on the floor area of respective properties held. It is not practicable to estimate the future aggregate minimum lease payments of the leases.

There are no restrictions placed upon the Group by entering into the lease.

#### (b) The Group as lessor

The Group has entered into property leases, which comprise freehold land with shopping complex and freehold land with private hospital, with non-cancellable lease terms of 10 years. The lease with the shopping complex may be renewed for a further 3 terms of 5 years each and contain a clause to enable upward revision on each renewal while the lease with private hospital may be renewed for a further 15 years at the option of the lessee.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 41. OPERATING LEASE ARRANGEMENTS (cont'd)

#### (b) The Group as lessor (cont'd)

The future minimum rentals receivable under non-cancellable operating lease at the reporting date but not recognised as receivables, are as follows:

	Group	
	2016 RM	2015 RM
Future minimum rental receivables:		
Not later than 1 year	10,477,000	12,177,000
Later than 1 year and not later than 5 years	37,828,000	54,080,000
Later than 5 years	27,582,917	60,779,756
	75,887,917	127,036,756

### 42. CAPITAL COMMITMENT

	Group	
	2016 RM	2015 RM
<b>Capital expenditure approved and contracted for:-</b>		
- Property, plant and machinery	12,000,000	1,005,756
- Investment property	2,140,000	-
	14,140,000	1,005,756

### 43. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 6 September 2016, the Company had completed a bonus issue of 87,553,450 new ordinary shares ("Bonus Shares") on the basis of one (1) Bonus Share for every one (5) existing ordinary shares held by the shareholders of the Company.

### 44. SIGNIFICANT EVENT SUBSEQUENT TO END OF THE FINANCIAL YEAR

a) On 26 January 2017, the Company entered into an agreement for the disposal of its Pantai Hospital Building, an investment property, for a total cash consideration of RM63,000,000.

#### b) Companies Act 2016

The Minister of Domestic Trade, Co-operatives and Consumerism appointed 31 January 2017 as the date on which Companies Act 2016 comes into operation except for Section 241 and Division 8 of Part III.

Accordingly, the Group and the Company shall prepare the financial statements for the financial year ending 31 December 2017 in accordance with the requirements of Companies Act 2016 which will be applied prospectively.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 44. SIGNIFICANT EVENT SUBSEQUENT TO END OF THE FINANCIAL YEAR (cont'd)

#### b) Companies Act 2016 (cont'd)

Amongst the key changes introduced in the Companies Act 2016 which will affect the financial statements of the Group and of the Company are, where applicable:

- the removal of the authorised share capital; and
- shares issued will have no par or nominal value.

In addition, the financial statements disclosure requirements under the Companies Act 2016 are different from those requirements set out in the Companies Act 1965. Consequently, items to be disclosed in the Group's and the Company's financial statements for the financial year ending 31 December 2017 may be different from those disclosed in the financial statements for the current financial year.

### 45. COMPARATIVE FIGURE

Comparative figures have been restated due to:

- a) provision for future operating lease commitment arising from omission of the lease back of certain units of service apartments from purchasers in prior year; and
- b) adjustment to inventories due to omission of two units of service apartment in prior years.

	As previously reported RM	Adjustment RM	As restated RM
<b>Group</b>			
<b>At 1.1.2015</b>			
<b>Statement of financial position</b>			
Inventories	284,585,712	8,607,830	293,193,542
Tax recoverable	6,458,504	(2,065,879)	4,392,625
Retained earnings	411,207,462	6,541,951	417,749,413
<hr/>			
<b>At 31.12.2015</b>			
<b>Statement of financial position</b>			
Inventories	48,871,673	9,884,374	58,756,047
Tax recoverable	7,740,657	(2,372,250)	5,368,407
Deferred tax assets	46,443,976	3,671,687	50,115,663
Provision (non-current)	-	9,355,000	9,355,000
Provision (current)	21,376,920	5,943,697	27,320,617
Retained earnings	429,782,000	(4,114,886)	425,667,114
<hr/>			

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2016 (cont'd)

### 45. COMPARATIVE FIGURE (cont'd)

	As previously reported RM	Adjustment RM	As restated RM
<b>Financial year ended 31 December 2015</b>			
<b>Statement of profit or loss and other comprehensive income</b>			
Cost of sales	177,456,321	(1,276,544)	176,179,777
Other operating expenses	36,080,349	15,298,697	51,379,046
Tax expense	6,483,214	(3,365,316)	3,117,898
Profit for the financial year	18,574,538	(10,656,837)	7,917,701
Total comprehensive income	24,180,608	(10,656,837)	13,523,771
<hr/>			
Profit attributable to owners of the Company	24,180,608	(10,656,837)	13,523,771
<hr/>			
Earnings per share attributable to owners of the Company (sen per share)			
- Basic	4.60	(2.97) *	1.63
- Diluted	4.60	(2.97) *	1.63
<hr/>			

\* Including revision of weighted average number of shares after taking into consideration the bonus issue as mentioned in Note 11.

## **SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED PROFIT OR LOSS**

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 31 December is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained earnings of the Group and of the Company as at 31 December 2016 and 31 December 2015 is analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Total retained earnings of the Company and its subsidiaries				
- Realised	538,127,093	647,990,752	42,850,925	156,992,102
- Unrealised	27,427,221	(2,265,530)	-	-
	<u>565,554,314</u>	<u>645,725,222</u>	<u>42,850,925</u>	<u>156,992,102</u>
Less: Consolidation adjustments	(214,952,567)	(220,058,108)	-	-
Total retained earnings	<u>350,601,747</u>	<u>425,667,114</u>	<u>42,850,925</u>	<u>156,992,102</u>

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purpose.



**LIST OF PROPERTIES**

Location	Description Property	Remaining Land Area @ 31.12.16 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.16 (RM)	Year of Acquisition/ Last Revaluation
Bal Lot 6154 & 6555 & Lot 6518 Mkm Lumut, Perak (Old Lot No.1557 & 1932)						
- Portion for own investment (PT2781-2782)	Property, plant and equipment	27.94	Agricultural / for investment	Freehold	5,142,000	2001
- Portion for fixed asset (G28079, PT2722-2780, 2785, 2822-2823)	Property, plant and equipment	142.51	Agricultural / for investment	Freehold	26,447,000	2001
Lot 1612, Mukim Kota Lama Kiri, Kuala Kangsar	Property, plant and equipment	13.14	Agricultural / for investment	Freehold	4,136,000	2001
Lot 2795, Mukim Lumut, Daerah Manjung, Perak	Property, plant and equipment	25.00	Agricultural / for investment	Freehold	15,246,000	2001
Lot 36480 & Lot 36481, Sungai Terap, Perak	Property, plant and equipment	25.32	Agricultural / for investment	Leasehold (28.11.2109)	2,257,000	2011 *
Lot 17196 to Lot 17201, Lot 17205-Lot 17208, Mukim Lumut, Daerah Manjung, Perak	Property, plant and equipment	88.97	Clubhouse / for investment	Leasehold (7.1.2107)	19,533,000	-
HS (D) Dgs 11772 PT8073 Mukim Lumut, Perak	Vacant Land and approved for development	6.93	Proposed development – residential	Freehold	2,893,000	2001
Lot 11442-Lot 11447, Mukim Ulu Langat, Daerah Ulu Langat, Daerah Selangor	Property, plant and equipment	6.61	Ready mixed site	Freehold	7,664,000	2013 *
Lot 198272, Mukim Hulu Kinta, Daerah Kinta, Perak	Property, plant and equipment	3.00	Vacant land	Leasehold (9.8.2052)	2,149,000	2014
PT913, Mukim Sungai Buluh, Daerah Petaling, Selangor	Property, plant and equipment	0.88	Ready mixed site	Leasehold (1.3.2114)	4,610,000	2014
PT914, Mukim Sungai Buluh, Daerah Petaling, Selangor	Property, plant and equipment	0.82	Ready mixed site	Leasehold (1.3.2114)	4,191,000	2014
PT2176, Mukim Sungai Buluh, Daerah Petaling, Selangor	Property, plant and equipment	0.51	Ready mixed site	Leasehold (8.9.2054)	2,655,000	2014
Lot 6555 – PT2791, Mukim of Lumut, Daerah Manjung, Perak	Planted with palm oil and approved for development	25.00	Proposed mixed development – commercial and residential	Freehold	5,715,000	2001
Lot 6555 - PT2792, PT2793, PT2794, Mukim Lumut, Daerah Manjung, Perak	Planted with palm oil and approved for development	60.00	Proposed Hock Chew Centre and an International School with mixed development	Freehold	13,490,000	2001
Portion for future development (PT2791, PT2792, PT2793), Perak	Planted with palm oil and approved for development	-	Pinggiran Manjung Point - commercial and residential	Freehold	-	2001

\* Year of Acquisition

**LIST OF PROPERTIES** (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.16 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.16 (RM)	Year of Acquisition/ Last Revaluation
PT2796, PT2797, part PT2798, part PT2799, Mukim Lumut, Perak	Vacant land approved for development	37.96	Proposed commercial development	Freehold	10,861,000	2001
Entry No.1577 Lot 712 Mukim Lumut, Perak	Planted with palm oil and approved for development	-	Proposed mixed development – commercial and residential	Freehold	477,000	2001
Entry No. 1380 Lot 1387 Mukim Lumut, Perak		4.78		Freehold		
HS (D) Dgs 1203/78 Lot 2740 Mukim Pengkalan Bharu, Perak	Planted with palm oil and approved for development	9.60	Taman Suria, Pantai Remis – commercial and residential	Freehold	1,394,000	2001
HS (D) Dgs 1204/78 Lot 2741 Mukim Pengkalan Bharu, Perak				Freehold		
Geran 36493, Lot 495 & Geran 36944, Lot 496, Town of Lumut, Daerah Manjung, Perak	Vacant Land and approved for development	0.70	Proposed mixed development – commercial and residential	Freehold	1,230,000	2001
CT 17320 Lot 117 Town of Lumut, Perak	Vacant Land and approved for development	0.83	Proposed mixed development – commercial and residential	Freehold	541,000	2001
EMR 379 Lot 380 Mukim Pengkalan Bharu, Perak	Vacant Land and approved for development	1.37	Proposed mixed development	Freehold	329,000	2001
HS (D) Dgs 1042/78 Lot 5493 (New lot 13100) Mukim Lumut, Perak	Planted with palm oil and approved for development	7.60	Taman Layar, Kg. Acheh, Sitiawan – commercial and residential	Freehold	2,854,000	2001
EMR 9714 Lot 10054 Mukim Sitiawan, Perak	Planted with palm oil and approved for development	3.08	Proposed mixed development – commercial and residential	Freehold	416,000	2001
EMR 5198 Lot 4622 Mukim Sitiawan, Perak	Planted with palm oil and approved for development	5.04	Proposed mixed development – commercial and residential	Freehold	987,000	2001
Geran 7419 Lot 15655 Mukim Sitiawan, Perak	Planted with palm oil and approved for development	3.04	Proposed development – residential	Freehold	1,408,000	2001
HS(D)Dgs1673/83 PT10382 & (Lot No. 25893 25900) HS(D)Dgs 1680/83 PT10389 Mukim Sitiawan, Perak	Vacant Land	0.04	Proposed mixed development – residential and commercial	99 years (23.9.2082)	45,000	2001

\* Year of Acquisition

**LIST OF PROPERTIES** (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.16 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.16 (RM)	Year of Acquisition/ Last Revaluation
HS(D)Dgs 830/89 PT625 Bandar Lumut, Perak	Vacant Land	0.75	Proposed development – residential	60 years (7.6.2049)	273,000	2001
Lot 1983, Lot 1984 (GM1246, GM1247) Mukim Lumut, Daerah Manjung, Perak	Vacant Land	2.97	Agricultural land	Freehold land	249,000	2004 *
Bal Lot 6154 & 6555 & Lot 6518 Mkm Lumut (Old Lot No. 1557 & 1932) PT2789-PT2790, Perak	Vacant Land	50.00	Proposed for clubhouse usage	Freehold	9,045,000	2004 *
Lot 140, Town of Lumut, Perak	Vacant Land	0.69	Proposed mixed development	Freehold	177,000	2005 *
Lot 732, 733, all in Mukim of Sitiawan, Perak	Vacant Land	0.02	Proposed mixed development	Freehold	89,000	2005 *
GM 2017 Lot 263 Town of Sitiawan, Perak	Vacant Land and approved for development	1.00	Proposed development – commercial	Freehold	858,000	2001
Lot 31776-31780 PT47587-47591 Mukim Sitiawan (Old Lot No. 15173-15177) Perak	Vacant Land and approved for development	0.20	Proposed mixed development – commercial and residential	99 years (5.5.2088)	163,000	2001
Balance Lot 4818 Mukim Lumut (PT6677, 6678, 4118-4133, 4510-4592, 4673-4778, 4840-4853, PN84692, PN84694) Perak	Vacant Land and approved for development	0.45	Taman Samudera, Phase 10 & 11 – commercial and residential	99 years (27.3.2093 [PT 6677 & 6678] and 19.5.2091 [the rest])	1,570,000	2001
Geran 7270-7273 Lot 14851-14854 Mukim Sitiawan, Perak	} Vacant Land and approved for development	23.87	Taman Limbungan, Kg. Acheh, Sitiawan – commercial and residential	Freehold	5,948,000	2001
Geran 7274 Lot 14855 Mukim Sitiawan (Old Lot No. 34043) (Lot 31656) Perak						
GM 375 & 376 Lot 6493 & 6494 Mukim Lumut (Old EMR No. 2424 Lot 4275), Perak	Vacant Land and approved for development	1.12	Proposed development – commercial	Freehold	709,000	2001

\* Year of Acquisition

**LIST OF PROPERTIES** (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.16 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.16 (RM)	Year of Acquisition/ Last Revaluation
EMR 9488 Lot 9187 Mukim Sitiawan, Perak	Vacant Land and approved for development	0.51	Proposed mixed development – commercial and residential	Freehold	63,000	2001
HS (M) 1528 PT1728 Mukim Sitiawan, Perak	Vacant Land and approved for development				49,000	2001
PT22973-PT22975, Bandar Baru, Sri Manjung, Perak - Commercial Complex	Vacant Land and approved for development	0.38	Commercial Land, Jalan Lumut, Sri Manjung	99 years (25.2.2101)	424,000	2001
- Shops unit		0.08	Commercial	99 years (25.2.2101)	70,000	
Lot 246 Village of Pekan Gurney, Perak	Vacant Land and approved for development	2.90	Taman Delima, Ayer Tawar – residential	Freehold	439,000	2001
Lot 4818 Mukim Lumut HS (D) Dgs 3618-3663 (Lot 10685)-Hawker Center Perak	Vacant Land and approved for development	2.27	Taman Samudera, Sri Manjung – commercial and residential	99 years (29.9.2094)	3,514,000	2001
Geran 18770 Lot 3335 Mukim Pengkalan Bharu Perak	Vacant Land and approved for development	18.20	Taman Bintang, Pantai Remis – commercial and residential	Freehold	2,552,000	2001
Geran 9851 Lot 379 Town of Lumut, Perak	Vacant Land and approved for development	1.75	Lumut Ria Condominium, Lumut – residential	Freehold	3,844,000	2001
Geran 7590 Lot 16055 Mukim Sitiawan, Perak	Vacant Land and approved for development Vacant shop lot land	-	Taman Sejati, Setiawan – commercial	Freehold	-	2001
Lot 6555 – PT 2786 Mukim of Lumut Perak	Vacant Land and approved for development	0.65	Taman Desa, Manjung Point – residential	Freehold	230,000	1993
Lot 5,6,182,524,1145-1147 (Trong), Perak	Vacant Land and approved for development	1.53	Taman Seri Trong Perak, Taiping – commercial	Freehold	411,000	1996
Geran 21668 Lot 6274 Mukim Beraus, Perak	Planted with palm oil and not approved for development	75.00	Proposed mixed development – commercial and residential	Freehold	618,000	1989

\* Year of Acquisition

**LIST OF PROPERTIES** (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.16 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.16 (RM)	Year of Acquisition/ Last Revaluation
Lot 14785-14788 (old lot 26789-26793), PT19589-PT19637 Mukim Sitiawan, Perak	Vacant Land and approved for development	5.38	Proposed mixed development – commercial and residential	Leasehold	4,200,000	2001
Lot 17768, PT4860 and Lot 17769, PT4861 & PT4862 Mukim Lumut, Perak	Vacant Land and approved for development	5.08	Proposed mixed development – commercial and residential	99 years (29.04.2101)	4,783,000	2001
Lot 803, EMR1616, Mukim Sitiawan, Daerah Manjung, Perak	Vacant Land and approved for development	2.97	Proposed mixed development	Freehold	1,270,000	2004 *
Lot 716, Village of Simpang Empat, Mukim Sitiawan, Daerah Manjung, Perak	Vacant Land and approved for development	0.02	Proposed mixed development	Freehold	163,000	2005 *
Lot 717, Village of Simpang Empat, Mukim Sitiawan, Daerah Manjung, Perak	Vacant Land and approved for development	0.02	Proposed mixed development	Freehold	155,000	2005 *
Lot 721, Village of Simpang Empat, Mukim Sitiawan, Daerah Manjung, Perak	Vacant Land and approved for development	0.01	Proposed mixed development	Freehold	130,000	2005 *
Lot 722, undivided 1/3 land under HSM 86/68, Mukim Sitiawan, Perak	Vacant Land and approved for development	0.03	Proposed mixed development	Freehold	91,000	2005 *
Lot 188, Mukim Lumut, Daerah Manjung, Perak	Vacant Land and approved for development	4.50	Proposed mixed development	Freehold	2,039,000	2005 *
Lot 5614 (GRN61063) and Lot 5615 (GRN61064), Mukim Batang Padang, Perak	Vacant Land approved for development	14.74	Proposed mixed development	Freehold	660,000	2005 *
Lot 448 (New lot 13707, Mukim Batu, Daerah Kuala Lumpur	Vacant land approved for development	6.49	Proposed high rise condominium	Freehold	23,113,000	2007 *
Lot 3719, HSD 83603, Wilayah Persekutuan, Daerah Kuala Lumpur	Vacant land approved for development	2.98	Proposed mixed development	Freehold	12,321,000	2007 *
Lot 41023, 41024, 41025, 41026 Mukim Lumut, Daerah Manjung, Perak	Vacant land approved for development	48.62	Proposed mixed development	Freehold	24,116,000	2007 *
Lot 1612, Mukim Pengkalan Baharu, Perak	Vacant land approved for development	2.68	Proposed mixed development	Freehold	225,000	2008 *
Lot 15666, Mukim Sitiawan, Perak	Vacant land approved for development	2.32	Proposed mixed development	Freehold	1,272,000	2008 *

\* Year of Acquisition

**LIST OF PROPERTIES** (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.16 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.16 (RM)	Year of Acquisition/ Last Revaluation
Lot 15700, Mukim Sitiawan, Perak	Vacant land approved for development	1.55	Proposed mixed development	Freehold	886,000	2008 *
PT 11202 & PT 11388, Mukim Bentong, Pahang	Vacant land	94.85	Proposed mixed development and resort development	Freehold	17,984,000	2008 *
Lot 382868 (old PT 212710), Mukim Hulu Kinta, Daerah Kinta, Perak	Vacant land approved for development	1.40	Proposed commercial development	Leasehold (24.7.2105)	5,689,000	2008 *
PT 2788, Mukim Lumut, Daerah Manjung, Perak	Vacant land approved for development	15.00	Proposed mixed development	Freehold	13,077,000	2008 *
PT 357017, Mukim Hulu Kinta, Daerah Kinta, Perak	Vacant land approved for development	1.00	Proposed mixed development	Leasehold (4.6.2103)	5,516,000	2008 *
Lot 29760 & 29761, Mukim Sungai Terap, Daerah Kinta, Perak	Vacant land approved for development	36.00	Proposed mixed development	Leasehold (25.11.2101)	5,750,000	2008 *
PT 6152, Mukim Pengkalan Baharu, Perak	Vacant land approved for development	2.92	Proposed mixed development	Freehold	615,000	2008 *
Lot 337443-Lot 307541, Mukim Kampar, Daerah Kampar, Perak	Vacant land approved for development	3.46	Proposed mixed development	Leasehold (10.2.2103)	1,507,000	2009 *
Lot 51845 (Old Lot 180, PT22972), Bandar Baru Seri Manjung, Mukim Manjung, Daerah Manjung, Perak	Vacant land approved for development	5.12	Proposed commercial development	Leasehold (15.6.2099)	4,028,000	2001
PT6151, Mukim Pengkalan Baru, Perak	Vacant land approved for development	3.16	Proposed mixed development	Freehold	991,000	2011 *
Lot 6254, Lot 307627-Lot 307696, PT 17105-PT 17194, Lot 308020-Lot 308097, Lot 305190, Mukim Kampar, Perak	Vacant land approved for development	12.70	Proposed mixed development	Freehold	18,248,000	2012 *
Lot 40931, Mukim Sitiawan, Perak	Vacant land	1.46	Proposed mixed development	Freehold	517,000	2011 *
Lot 412, Mukim Pengkalan Baharu, Perak	Vacant land	2.00	Proposed mixed development	Freehold	43,000	2011 *
PT10860 (PT 17284, Bal Pantai Hospital land) Mukim Lumut, Perak	Vacant land	1.30	Proposed mixed development	Freehold	1,073,000	2011 *

\* Year of Acquisition

**LIST OF PROPERTIES** (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.16 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.16 (RM)	Year of Acquisition/ Last Revaluation
Lot 38321 (Lot 16060), Mukim Sitiawan, Perak	Vacant land	1.02	Residential development	Freehold	30,000	2012 *
Lot 303864-Lot 303915, Mukim Belanja, Daerah Kinta	Vacant land	2.02	Residential development	Leasehold (29.1.2103)	400,000	2012 *
Lot 3624 (Lot 302158), Mukim Belanja, Daerah Kinta	Vacant land	6.81	Residential development	Leasehold (24.9.2100)	619,000	2012 *
Lot 214, Mukim of Kuala Lumpur	Vacant land approved for development	2.88	High Rise development	Freehold	38,483,000	2012 *
Lot 4958, Mukim Sayung, Kuala Kangsar	Vacant land	1.65	Residential development	Freehold	395,000	2012 *
Lot 4959,3332,3334,3337, Mukim Sayung, Kuala Kangsar	Vacant land	8.56	Residential development	Freehold	3,128,000	2012 *
Geran 7256 Lot 14837 Mukim Sitiawan, Perak	Vacant land	4.94	Residential development	Freehold	408,000	2012 *
Geran 7444, Lot 15680, Mukim Sitiawan (Balance of land), Perak	Vacant land	0.68	Residential development	Freehold	227,000	2012 *
PT 28260, Lot 16059, Mukim Sitiawan, Daerah Manjung, Perak	Vacant land	0.04	Residential development	Freehold	6,000	2012 *
Lot 966 EMR 1237 Mukim Sitiawan, Perak	Vacant land	0.89	Taman Mutiara - residential	Freehold	275,000	2012 *
Lot 4818 (Balance of commercial) (Plot 1, 22 dsth, and balance of land), Perak	Vacant land	0.91	Taman Samudera, residential	Leasehold (19.5.2091)	82,000	2001 *
Lot 9910 (PT 2818, PT 2819, PT 2803, PT 2804 & PT 2805) Balance Phase III, net off sports complex & bowling centre, Mukim Lumut, Daerah Manjung, Perak	Vacant land	2.76	Pusat Perniagaan Manjung Point Seksyen 3	Freehold	924,000	2001 *
HSD 15538, PT 5018, Bandar Teluk Intan, Perak	Vacant land	0.13	Commercial development - Bandar Baru Teluk Intan	Leasehold (24.09.2100)	388,000	2001 *
Lot 605, Mukim Kamunting, Daerah Larut & Matang, Perak	Vacant land	9.94	Vacant land	Freehold	2,941,000	2013 *
Lot 549, Mukim Kamunting, Daerah Larut & Matang, Perak	Vacant land	48.00	Vacant land	Freehold	11,500,000	2013 *

\* Year of Acquisition

**LIST OF PROPERTIES** (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.16 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.16 (RM)	Year of Acquisition/ Last Revaluation
PT2800, PT2801, PT2802 (New - Lot 9907, 9908, 9909) (8.33 commercial area and Plot 1-132 residential), Perak	Vacant land	12.90	Manjung point Township	Freehold	3,119,000	2001
Lot 1.88, Mukim Kampar, Perak	Vacant land	1.88	Vacant land	Leasehold (6.12.2111)	420,000	2013 *
PT320-PT331, Daerah Petaling, Selangor	Vacant land	1.57	Mixed development	Freehold	14,969,000	2013 *
Lot 2569, Mukim Sitiawan, Daerah Manjung, Perak	Vacant land	1.98	Mixed development	Freehold	5,485,000	2014
Lot 730, Mukim Sitiawan, Daerah Manjung, Perak	Vacant land	5.47	Mixed development	Freehold	2,625,000	2014
Lot 14825 & Lot 14826, Mukim Sitiawan, Daerah Manjung, Perak	Vacant land	8.13	Mixed development	Freehold	9,400,000	2014
PT28552, Mukim Sitiawan, Perak	Vacant land	0.39	Mixed development	Leasehold (27.1.2103)	374,000	-
Lot 6505, Mukim Lumut, Daerah Manjung	Vacant land	4.06	Mixed development	Freehold	5,759,000	2015
Lot 6507, Mukim Lumut, Daerah Manjung	Vacant land	6.72	Mixed development	Freehold	21,491,000	2015
Lot 1451, Mukim Pengkalan Baharu, Daerah Manjung	Vacant land	2.58	-	-	1,289,000	2016
Lot 474, Mukim Pengkalan Baharu, Daerah Manjung	Vacant land	2.46	-	-	1,273,000	2016
Lot 18948, Mukim Sitiawan	Vacant land	-	-	-	18,000	2016
Lot PT6676, 9445 and Lot 9240 to Lot 9248, Mukim of Lumut, Perak	Property, plant and equipment	1.44	Hotel operation	Freehold	19,526,000	2001
<b>DEVELOPMENT PROPERTIES</b>						
Lot 374, Mukim Pengkalan Baru, Perak	Development properties	0.19	Proposed development - commercial	Freehold	244,000	2004 *
Lot 4818 (PT4511-4571) Cosmos portion & 16 house, Mukim Lumut, Perak	Development properties	0.19	Proposed development - commercial (Taman Samudera)	Leasehold (19.5.2091)	590,000	2001
Lot 4818 - Balance of Phase 9 (Shop unit) Mukim Lumut (PT6398-PT6411, PT6412-PT6421), Perak	Development properties	0.84	Proposed development - commercial (Taman Samudera)	99 years (19.5.2091)	16,000	2001

\* Year of Acquisition



**LIST OF PROPERTIES** (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.16 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.16 (RM)	Year of Acquisition/ Last Revaluation
PT 2812-2814 (Giant shop land), Perak	Development properties	0.39	Pusat Perniagaan Manjung Point 1	Freehold	76,000	2001
Lot 4818 (behind office land - 24 shops land), Perak	Development properties	1.18	Proposed development of commercial units	Leasehold (19.5.2091)	141,000	2001
Lot 4818 (behind office land - 12 units 2 1/1 house vacant plots)	Development properties		Proposed development of commercial units		686,000	2001
Lot 4818 (behind office land - LVSB car park & vacant land, PT10411), Perak	Development properties		Proposed development of commercial units (Taman Samudera)		706,000	2001
Lot 44, Mukim of Sitiawan Perak	Development properties	0.37	Commercial development - Medan Sitiawan	Freehold	1,408,000	2005 *
EMR 523 Lot 600 Mukim Pengkalan Bharu, Perak	Development properties	0.15	Taman Bahtera – commercial and residential	Freehold	48,000	2001
Geran 7582 Lot 16047 Mukim Sitiawan, Perak	Development properties	0.10	Taman Sejati IV, Sitiawan – commercial and residential	Freehold	64,000	2001
CT 21662 Lot 11430 (New Lot 5942) Mukim Sitiawan, Perak	Development properties	0.11	Proposed mixed development – commercial and residential	Freehold	171,000	2001
Lot 26805 part of Geran 7255 Lot 14836 Mukim Sitiawan, Perak	Development properties	1.43	Taman Pelabuhan, Kg Acheh, Sitiawan – commercial and residential	Freehold	563,000	2001
Lot 4818-Tangki - 14 house land - PT 10353-10361, 10288-10292, Perak	Development properties	-	Residential development	Leasehold (19.5.2091)	-	2001
Lot 10465, Mukim Sitiawan, Perak	Development properties	0.10	Commercial development	Freehold	196,000	2002
Lot 1883 & Lot 1884, Mukim Batu, Kuala Lumpur	Development properties	6.00	Commercial development Proposed Kiara 163	Freehold	279,776,000	2008 *
PT 2818, PT2819, PT2803, PT 2804 & PT 2805 (Jusco shops Phase I, II & IIA), Mukim Lumut, Daerah Manjung, Perak	Development properties	27.77	Pusat Perniagaan Manjung Point Seksyen 3	Freehold	571,000	2001

\* Year of Acquisition

**LIST OF PROPERTIES** (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.16 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.16 (RM)	Year of Acquisition/ Last Revaluation
Lot 48732, PT74000, Daerah Petaling, Mukim Petaling, Kuala Lumpur	Vacant land approved for development	2.38	Proposed high rise condominium - Sfera Residensi	Freehold	62,594,000	2013
Lot 9910, Plot 35-Plot 96, PPMP 2, Mukim Lumut, Daerah Manjung, Perak	Development properties	2.19	Pusat Perniagaan Manjung Point Seksyen 2	Freehold	724,000	2001 *
Geran 7585 Lot 16050 Mukim Sitiawan, Perak	Planted with palm oil and approved for development	9.49	Taman Sejati III, Sitiawan, commercial and residential	Freehold	4,033,000	2001
Lot 1616, Mukim Pengkalan Baharu, Perak	Development properties	7.61	Mixed development - Taman Pancur Damai	Freehold	1,533,000	2004 *
Lot 1440, Mukim Pengkalan Baharu, Perak	Development properties	1.15	Mixed development	Freehold	1,758,000	2011 *
Lot 441, Mukim Pengkalan Baharu, Perak	Development properties	0.97	Mixed development	Freehold	1,164,000	2011 *
Lot 6278 (PT14173-PT14186), Mukim Lumut, Perak	Development properties	0.95	Proposed mixed development	Freehold	30,000	2011 *
Lot 42693, Mukim Sitiawan	Development properties	2.57	Residential development	Freehold	2,914,000	2012
Lot 42693, Mukim Sitiawan	Development properties	0.32	Commercial units	Freehold	106,000	2012
Lot 6505, Mukim Lumut, Daerah Manjung	Development properties	0.96	Commercial units	Freehold	2,111,000	2015
Lot 6507, Mukim Lumut, Daerah Manjung	Development properties	1.31	Commercial units	Freehold	4,023,000	2015
<b>INVESTMENT PROPERTIES</b>						
PT 6706-6724, Daerah Manjung (Fasa 2B), Perak	Investment property - shophouses	0.70	Shophouses	Leasehold land (expired 29.8.2081)	2,585,000	2001 *
Lot 1077, Geran 11310, Section 57, Kuala Lumpur	Investment property - Proposed Menara YNH	3.00	Vacant Land	Freehold	77,540,000	2005
PT 2838 (Lot 13107), Mukim Lumut, Perak	Investment property - Proposed Hotel & a completed petrol station	5.00	Vacant Land & Shell Petrol station building	Freehold	2,746,000	2011 *
Plot 276, Pusat Perniagaan Manjung Point Seksyen 1, Seri Manjung, Perak	Investment property - Multi purpose sports complex	2.25	Multi purpose sports complex	Freehold	2,839,000	2001

\* Year of Acquisition

**LIST OF PROPERTIES** (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.16 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.16 (RM)	Year of Acquisition/ Last Revaluation
Lot 10466 Stall & Futsal, Medan Sejahtera II, Mukim Sitiawan, Perak	Investment property - Food Stall & Futsal	1.03	Futsal and Foodcourt	Freehold	1,650,000	2001 *
Hawker center, Taman Samudera, Seri Manjung, Perak	Investment property - Hawker center	N/A	Hawker center building	N/A	475,000	2009 *
Lot 382868 (old PT212710), Mukim Hulu Kinta, Daerah Kinta, Perak	Investment property - Hotel	1.40	-	Leasehold (24.7.2105)	5,098,000	2008
PT357017, Mukim Hulu Kinta, Kinta, Perak	Investment property - Hotel	1.00	-	Leasehold (4.6.2103)	5,456,000	2008
PT 17283, Mukim Lumut, Daerah Manjung	Investment property - Pantai Hospital Seri Manjung	4.94	5 storey private hospital (Pantai Hospital)	Freehold	49,940,000	2015
PT 15074, Mukim Lumut, Daerah Manjung	Investment property - AEON Shopping Mall	30.25	AEON Shopping Complex	Freehold	147,385,000	2015
Lot 163, Jln Perak, Kuala Lumpur (Level 3, 4, 9, 12, 13)	Investment property - Hotel	0.90	Fraser Place Kuala Lumpur	Freehold	45,146,000	2015
Part Lot 2793, part 2794, Mukim Lumut, Daerah Manjung	Investment property - City Harbour International School	15.00	-	-	10,817,000	-
PT15244-PT15249, PT15250-15264, Mukim Lumut, Daerah Manjung, Perak	Investment property - Hawker center & Hotel Car Park	0.63	Hotel Hawker center & car park	Freehold	848,000	2001

**JOINT DEVELOPMENT PROPERTIES**

Lot 4753, Mukim Batu, Daerah Kuala Lumpur	Joint development properties	5.14	Proposed high rise condominium	Freehold	7,869,000	N/A
Lot 449, Mukim Batu, Tempat Segambut, Daerah Kuala Lumpur	Joint development properties	5.07	Proposed high rise condominium	Freehold	378,000	N/A
Lot 400, Mukim Lumut, Daerah Manjung, Perak	Joint development properties	36.97	Proposed mixed development	Leasehold (15.11.2105)	4,135,000	N/A
Lot 10153, Mukim Lumut, Daerah Manjung	Joint development properties	34.67	Proposed mixed development	Leasehold (22.11.2103)	278,000	N/A
Lot 13079, Mukim Lumut, Perak	Joint development properties	0.32	Mixed development	Freehold	827,000	N/A

\* Year of Acquisition

**LIST OF PROPERTIES** (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.16 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.16 (RM)	Year of Acquisition/ Last Revaluation
Lot 14838, Mukim Sitiawan, Daerah Manjung, Perak	Joint development properties	3.90	Mixed development	Freehold	312,000	N/A
Lot 16061, Mukim Sitiawan, Daerah Manjung, Perak	Joint development properties	8.94	Mixed development	Freehold	13,000	N/A
Lot 2497-2499, Mukim Kuala Lumpur, Daerah Kuala Lumpur	Vacant land approved for development	1.80	Proposed mixed development	Freehold	3,895,000	N/A
PT12157 & PT12158 (Lot 47330 & Lot 47331), Mukim Dengkil, Daerah Sepang	Vacant land approved for development	2.70	Proposed mixed development	Freehold	427,000	N/A
Lot 299, Mukim Kuala Lumpur, Daerah Kuala Lumpur	Vacant land approved for development	-	Proposed mixed development	Freehold	238,000	N/A
Lot 5274	Joint development properties	-	-	-	16,000	-
Lot 224018, Mukim Hulu Kinta, Ipoh, Perak	Joint development properties	0.14	Commercial development	Freehold	8,000	N/A
Lot 224019, Mukim Hulu Kinta, Ipoh, Perak	Joint development properties	0.17	Commercial development	Leasehold	32,000	N/A
<b>GRAND TOTAL</b>		<u>1,342.28</u>			<u>1,205,104,000</u>	

**STATEMENT OF SHAREHOLDINGS** as at 31 March 2017

Issued and Fully Paid-up Capital	:	RM525,337,988 (Excluding 3,661,591 Treasury Shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per Ordinary share

**BREAKDOWN OF SHAREHOLDINGS**

Size of Holdings	No. of Holders	%	No. of Holdings	%
Less than 100	4,344	50.22	173,615	0.03
100 – 1,000	2,290	26.47	575,558	0.11
1,001 – 10,000	1,236	14.29	4,507,119	0.86
10,001 – 100,000	472	5.46	13,590,875	2.59
100,001 – 26,266,898 (*)	307	3.55	477,655,806	90.92
26,266,899 and above (**)	1	0.01	28,835,015	5.49
<b>TOTAL</b>	<b>8,650</b>	<b>100.00</b>	<b>525,337,988</b>	<b>100.00</b>

Note: \* - Less than 5% of issued holdings  
 \*\* - 5% and above of issued holdings

**SUBSTANTIAL SHAREHOLDERS AS AT 31 March 2017**

According to the Register of Substantial Shareholders required to be kept under Section 144 of the Companies Act, 2016, the following are the substantial shareholders of the Company:

Name of Substantial Shareholder	Direct Interest (A)	%	Indirect Interest (B)	%	Total Interest (A+B)	%
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	135,251,131	25.75	29,315,117	5.58	164,566,248	31.33
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	21,560,450	4.10	137,264,622	26.13	158,825,072	30.23
Aberdeen Asset Management PLC and its subsidiaries	-	-	76,645,976	14.59	76,645,976	14.59
Aberdeen Asset Management Asia Limited	-	-	52,785,742	10.05	52,785,742	10.05
Aberdeen International Fund Managers Limited	-	-	28,835,015	5.49	28,835,015	5.49

**STATEMENT OF SHAREHOLDINGS** as at 31 March 2017

(cont'd)

**DIRECTORS' INTEREST AS AT 31 March 2017**

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016 the Directors' interests in the ordinary share capital of the Company and its subsidiary companies are as follows:

**Shares in the Company**

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	135,251,131	25.75	29,315,117	5.58	164,566,248	31.33
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	21,560,450	4.10	137,264,622	26.13	158,825,072	30.23
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	1,250,620	0.24	-	-	1,250,620	0.24
Ching Nye Mi @ Chieng Ngie Chay	8,173,244	1.56	28	0.00	8,173,272	1.56
Ding Ming Hea	2,099,005	0.40	-	-	2,099,005	0.40

By virtue of their interests in the Company, Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS and Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT are deemed to be interested in shares in the subsidiary companies to the extent that the Company has an interest.

None of the other Directors had any interest in shares in the Company's related corporations.

**LIST OF TOP THIRTY HOLDERS AS AT 31 March 2017**

Name of Holder	Holdings	%
1. HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs SVS LUX for Aberdeen Global	28,835,015	5.49
2. HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs SVS Paris for Aberdeen Asian Smaller Companies Investment Trust PLC	21,358,924	4.07
3. Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for OCBC Securities Private Limited	17,917,081	3.41
4. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon (CEB)	16,986,303	3.23
5. UOBM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	15,171,780	2.89
6. Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	14,842,204	2.83
7. Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Ng Paik Pheng (PB)	14,053,245	2.68
8. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	11,658,633	2.22
9. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon (Margin)	11,189,385	2.13
10. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Weng Fui	10,785,520	2.05

**STATEMENT OF SHAREHOLDINGS** as at 31 March 2017

(cont'd)

**LIST OF TOP THIRTY HOLDERS AS AT 31 March 2017** (cont'd)

Name of Holder	Holdings	%
11. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	10,564,834	2.01
12. TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	9,866,542	1.88
13. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Huat	9,231,750	1.76
14. Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Yu Kuan Chon (PBCL - OGO311)	8,800,000	1.68
15. Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	8,696,092	1.66
16. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Swee Ming	7,686,116	1.46
17. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Leong Wouh	7,192,766	1.37
18. PM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon (A)	7,176,968	1.37
19. Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	6,935,869	1.32
20. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	6,829,528	1.30
21. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	6,423,812	1.22
22. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Irama Gigih Sdn Bhd	6,386,788	1.22
23. Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Huat (Margin)	6,347,713	1.21
24. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Huat	5,839,060	1.11
25. UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	5,362,795	1.02
26. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Weng Fui (CEB)	4,606,326	0.88
27. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Swee Ming (CEB)	4,300,312	0.82
28. TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Weng Fui	4,101,610	0.78
29. HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	4,052,242	0.77
30. Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	3,898,194	0.74
<b>TOTAL</b>	<b>297,097,407</b>	<b>56.55</b>

**PROXY FORM**

I/We, \_\_\_\_\_  
 NRIC No./Company No. \_\_\_\_\_ of \_\_\_\_\_  
 \_\_\_\_\_ being a member of

YNH Property Bhd hereby appoint the following person(s):

Name of proxy & NRIC No.	No. of shares	%
1. _____	_____	_____
2. _____	_____	_____

or failing him/her

1. _____	_____	_____
2. _____	_____	_____

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held on 23 May 2017 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Business		For	Against
1. The payment of Directors' Fees	Resolution 1		
2. The payment of Directors' Remuneration	Resolution 2		
3. The re-election of Director: Ding Ming Hea	Resolution 3		
4. The appointment of Auditors and their remuneration	Resolution 4		
Special Business			
5. Ordinary Resolution No. 1 - Proposed Renewal of Share Buy Back Authority	Resolution 5		
6. Ordinary Resolution No. 2 - Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature	Resolution 6		

Please indicate with (✓) how you wish your vote to be cast.

No. of shares held	
CDS Account No.	

Date: \_\_\_\_\_  
 \_\_\_\_\_  
 Signature of Shareholder

**NOTE:**

- a) A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend, speak and vote instead of him.
- b) A proxy may but need not be a member of the Company and there shall be no restriction as the qualification of the proxy.
- c) 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.
- d) Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- e) The instrument appointing a proxy must be deposited at the registered office of the Company, 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting. All resolutions set out in the Notice of the Meeting are to be voted by poll.
- f) Depositors who appear in the Record of Depositors as at 11 May 2017 shall be regarded as Member of the Company entitled to attend the Fifteenth Annual General Meeting or appoint one or two proxies to attend, speak and vote on his behalf.

+If it is desired to appoint another person as a proxy, the words "the Chairman of the Meeting" should be deleted and the name of the proxy should be inserted in block capitals, and the alteration should be initialed.

In the case of a corporation, the proxy must be executed under its Common Seal, or under the hand of a duly authorised officer.





fold

80 Sen Stamp  
(within Malaysia)

The Secretary  
**YNH PROPERTY BHD** (561986-V)  
55A, MEDAN IPOH 1A  
MEDAN IPOH BISTARI  
31400 IPOH, PERAK DARUL RIDZUAN  
MALAYSIA

fold



**YNH PROPERTY BHD**

(Company No.: 561986-V)

*(Incorporated in Malaysia)*

No. 188, Jalan PPMP 3/3,  
Pusat Perniagaan Manjung Point 3,  
32040 Seri Manjung,  
Perak Darul Ridzuan, Malaysia.  
Tel: 6-05-688 1128  
Fax: 6-05-688 1388  
Email: [karsin@streamyx.com](mailto:karsin@streamyx.com)  
Website: [www.ynhb.com.my](http://www.ynhb.com.my)