YNH PROPERTY BHD.
200101026228 (561986 – V)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

Registration No. 200101026228 (561986 – V)

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(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 June 2023.

CHANGE OF FINANCIAL YEAR END

The Company has changed its financial year end from 31 December to 30 June. Accordingly, the financial statements of the Company for the financial period ended 30 June 2023 cover an eighteen-month period compared to a twelve-month period for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are property development, cultivation and sale of oil palm produce, general contracting, provision of consultancy services, provision of management services, lodging facilities, property investment holding, rental of plant and equipment, energy and utility provider, operation and management of a hotel and marketing agent.

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

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial period, net of tax	3,682,219	(2,215,484)
Attributable to:		
Owners of the Company	3,682,219	(2,215,484)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial period ended 30 June 2023.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period.

DIRECTORS' REPORT (CONTINUED)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance 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 any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their 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 period which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial period.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial period which will or may affect the ability of the Group or 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 (CONTINUED)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company issued Sukuk Wakalah in aggregate of RM323 million with tenure of 3 years and 5 years, which will be due 28 February 2025 and 26 February 2027.

No new issue of shares were made by the Company during the financial period.

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirements of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial period.

As at 30 June 2023, the Company held 512,512 treasury shares out of its 528,999,579 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM970,157.

DIRECTORS

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

Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS*	
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT*	
Oon Seow Ling	(Appointed on 31 March 2023)
Khong Kam Hou	(Appointed on 31 March 2023)
Ching Lee Fong	(Appointed on 31 March 2023)
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP*	(Resigned on 31 March 2023)
Ching Nye Mi @ Chieng Ngie Chay	(Resigned on 31 May 2023)
Ding Ming Hea	(Resigned on 31 May 2023)

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial period and during the period from the end of the financial period to the date of this report are:

Datin Dr. Chan Sow Keng (Alternate Director to Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS)
Datin Teh Nai Sim

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial period in shares in the Company during the financial period were as follows:

Interests in the Company

		Number of ordinary shares			
	Note	**At 1.1.2022**	**Bought**	**Sold**	**At 30.06.2023**
Direct interests					
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS		128,982,770	-	-	128,982,770
Dato' Yu Kuan Huat DPMP, PMP, AMP, PPT		23,656,810	-	-	23,656,810
Indirect interests					
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	*	43,180,507	-	-	43,180,507
Dato' Yu Kuan Huat DPMP, PMP, AMP, PPT	*	131,402,938	-	-	131,402,938

* Shares held through spouse, sibling and spouse of sibling.

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS and Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial period had any interest in ordinary shares or debentures of the Company and its related corporations during the financial period.

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 emoluments received or due and receivable, by the directors as shown below) 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, other than any deemed benefit which may arise from transactions as disclosed in Note 34 to the financial statements.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS (CONTINUED)

The directors' benefits of the Group and of the Company were as follows:

	Group RM	Company RM
Directors of the Company		
Director's fees	235,640	235,640
Salaries and other emoluments	17,568,356	231,258
Employees Provident Fund	415,703	-
Estimated monetary value of benefits-in-kind	7,951	-
	18,227,650	466,898

Neither during, nor at the end of the financial period, was the Company a party to any arrangements where the 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.

AUDITORS' REMUNERATION

The remuneration paid or payable to the auditors of the Group and the Company during the financial period were RM1,068,000 and RM418,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial period, no indemnity was given to or insurance effected for any director or officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 10 to the financial statements, which also serve for the purpose of this report.

The auditor's report on the financial statements of a subsidiary that contain a qualification on matter that is material to the members of the Company is disclosed in Note 10 to the financial statements.

DIRECTORS' REPORT (CONTINUED)

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

(a) On 17 November 2022, the Company announced that:

(i) D'Kiara Place Sdn. Bhd. ("DPSB"), a wholly-owned subsidiary of the Company, intends to enter into a conditional sale and purchase agreement with ALX Asset Berhad for the disposal of 163 Retail Park shopping centre to ALX Asset Berhad for a cash consideration of RM270,500,000; and

(ii) YNH Hospitality Sdn. Bhd., a wholly-owned subsidiary of the Company, and Kar Sin Berhad, the registered proprietor of AEON Seri Manjung holding in trust for YNH Hospitality Sdn. Bhd. and a wholly-owned subsidiary of the Company, intends to enter into a conditional sale of purchase agreement with ALX Asset Berhad for the disposal of AEON Seri Manjung shopping centre and the freehold land on which it is erected on to ALX Asset Berhad for a cash consideration of RM152,000,000.

(Collectively known as the "Proposed Disposals").

On 1 March 2023, the shareholders of the Company approved the Proposed Disposals.

On 4 April 2023, DPSB. executed the sale and purchase agreement for the proposed disposal of 163 Retail Park.

On 3 July 2023, DPSB and ALX Asset Berhad had mutually agreed to extend the fulfilment date of the conditions precedent in the 163 Retail Park SPA until 3 January 2024.

(b) On 1 April 2022, Imbuhan Sempurna Sdn. Bhd. ("ISSB"), the first beneficial owner of the freehold vacant land held under the individual title H.S.(D) 47946 P.T 48632 in the Mukim of Kuala Lumpur ("the Property") and Kar Sin Berhad ("KSB"), a wholly-owned subsidiary of the Company agreed to mutually terminate the Turnkey Construction Agreement where upon ISSB should refund to KSB the security deposit sum of RM239.5 million within 6 months from 1 April 2022 ("Termination Notice").

On 18 April 2022, by way of a Sub-Sale Agreement ("SSA"), KSB purchased the Property from ISSB for a purchase consideration of RM150.0 million ("Purchase Price"), subject to fulfilment of the conditions precedent. The parties agreed in a supplemental agreement to the Termination Notice that part of the security deposit of RM150.0 million shall be deemed full payment of the purchase price, and balance security deposit shall be refunded within six (6) months from 1 April 2022.

On 1 September 2022, in a supplemental letter, ISSB and KSB clarified the intention of the parties pertaining to the SSA whereof the sub-sale agreement shall continue to be effective, valid and enforceable only upon fulfilment of the following conditions:

(i) that KSB does not continue to develop the Property; and

(ii) that the Property is successfully sold by KSB to third party purchaser.

Both parties also agreed that the balance security deposit shall be refunded to KSB on or before 30 June 2024.

(c) On 12 May 2023, KSB entered into a conditional sale and purchase agreement ("SPA") with Sunway Living Space Sdn. Bhd. ("SLS") for the disposal of the Property for a cash consideration of RM170,000,000. An additional consideration of RM50.0 million is payable by SLS to KSB if KSB obtained a new development order with plot ratio of 7 on net land area within 1 year from the date of SPA. KSB and SLS had on 12 October 2023 mutually agreed to extend the conditional period to 12 November 2023 for the Company to fulfill all conditions precedent of the SPA.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

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

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

Date: 27 October 2023

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STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

		Group		Company	
	Note	**30.06.2023 RM**	**31.12.2021 RM Restated**	**30.06.2023 RM**	**31.12.2021 RM**
ASSETS					
Non-current assets					
Property, plant and equipment	**5**	94,982,568	110,892,220	-	-
Right-of-use assets	**6**	38,548,067	47,372,364	-	-
Investment properties	**7**	144,792,782	295,711,195	-	-
Inventories	**8**	1,018,834,297	1,167,812,133	-	-
Goodwill on consolidation	**9**	17,626,036	17,626,036	-	-
Investment in subsidiaries	**10**	-	-	1,358,151,879	977,923,548
Deferred tax assets	**11**	116,014,561	99,094,902	-	-
Total non-current assets		**1,430,798,311**	**1,738,508,850**	**1,358,151,879**	**977,923,548**
Current assets					
Inventories	**8**	791,627,532	591,368,008	-	-
Current tax assets		2,091,080	1,381,934	-	-
Other current assets	**12**	5,697,485	4,945,986	32,077	32,077
Trade and other receivables	**13**	72,746,485	96,331,420	17,998,141	5,037,213
Cash and short-term deposits	**14**	37,284,256	34,149,859	3,672,613	87,546
		909,446,838	728,177,207	21,702,831	5,156,836
Non-current assets classified as held for sale	**15**	141,717,243	-	-	-
Total current assets		**1,051,164,081**	**728,177,207**	**21,702,831**	**5,156,836**
TOTAL ASSETS		**2,481,962,392**	**2,466,686,057**	**1,379,854,710**	**983,080,384**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	**16**	528,999,579	528,999,579	528,999,579	528,999,579
Treasury shares	**17**	(970,157)	(970,157)	(970,157)	(970,157)
Other reserves	**18**	26,530,438	31,121,893	-	-
Retained earnings		292,713,385	324,993,475	(93,316,335)	(55,138,542)
		847,273,245	884,144,790	434,713,087	472,890,880
Perpetual securities	**19**	345,915,827	345,915,827	345,915,827	345,915,827
TOTAL EQUITY		**1,193,189,072**	**1,230,060,617**	**780,628,914**	**818,806,707**

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STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONTINUED)

		Group		Company	
	Note	**30.06.2023 RM**	**31.12.2021 RM Restated**	**30.06.2023 RM**	**31.12.2021 RM**
EQUITY AND LIABILITIES (CONTINUED)					
Non-current liabilities					
Loans and borrowings	**20**	383,147,472	267,897,766	320,289,654	-
Lease liabilities	**21**	-	-	-	-
Deferred tax liabilities	**11**	24,430,161	28,593,064	-	-
Total non-current liabilities		**407,577,633**	**296,490,830**	**320,289,654**	**-**
Current liabilities					
Loans and borrowings	**20**	525,978,991	539,153,531	-	-
Lease liabilities	**21**	4,153,007	84,256	-	-
Provision	**22**	135,379	277,887	-	-
Current tax liabilities		76,663,600	54,868,191	79,035	79,035
Trade and other payables	**23**	228,753,530	249,956,619	278,857,107	164,194,642
Contract liabilities	**24**	45,511,180	95,794,126	-	-
Total current liabilities		**881,195,687**	**940,134,610**	**278,936,142**	**164,273,677**
TOTAL LIABILITIES		**1,288,773,320**	**1,236,625,440**	**599,225,796**	**164,273,677**
TOTAL EQUITY AND LIABILITIES		**2,481,962,392**	**2,466,686,057**	**1,379,854,710**	**983,080,384**

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

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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Note	Group 01.01.2022 to 30.06.2023 RM	Group 01.01.2021 to 31.12.2021 RM	Company 01.01.2022 to 30.06.2023 RM	Company 01.01.2021 to 31.12.2021 RM
Revenue	25	307,516,997	231,277,909	42,300,000	-
Costs of sales	26	(156,942,559)	(116,325,943)	-	-
Gross profit		**150,574,438**	**114,951,966**	**42,300,000**	**-**
Other operating income		84,565,789	32,183,941	-	-
Administrative expenses		(94,941,293)	(57,699,766)	(1,818,669)	(1,259,719)
Selling and marketing expenses		(6,499,306)	(7,579,202)	-	-
Net (allowance)/reversal for impairment losses on receivables		(1,666,087)	3,880,807	(16,858,705)	(15,941,425)
Other operating expenses		(33,219,578)	(17,211,723)	-	(1,500,000)
Operating profit/(loss)		**98,813,963**	**68,526,023**	**23,622,626**	**(18,701,144)**
Finance costs	27	(78,397,164)	(33,863,392)	(25,838,110)	-
Profit/(Loss) before tax	28	**20,416,799**	**34,662,631**	**(2,215,484)**	**(18,701,144)**
Income tax expense	30	(16,734,580)	(13,411,484)	-	-
Profit/(Loss) for the financial period/year		**3,682,219**	**21,251,147**	**(2,215,484)**	**(18,701,144)**
Other comprehensive loss, net of tax					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of a subsidiary		(4,591,455)	(100,179)	-	-
Total comprehensive (loss)/income for the financial period/year		**(909,236)**	**21,150,968**	**(2,215,484)**	**(18,701,144)**

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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTINUED)

		Group		Company	
	Note	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Profit/(Loss) attributable to:					
Owners of the Company		**3,682,219**	**21,251,147**	**(2,215,484)**	**(18,701,144)**
Total comprehensive (loss)/income attributable to:					
Owners of the Company		**(909,236)**	**21,150,968**	**(2,215,484)**	**(18,701,144)**
Loss per share (sen) attributable to ordinary equity holders of the Company	**31**				
- Basic		(6.10)	(0.53)		
- Diluted		(6.10)	(0.53)		

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

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STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	<--- Attributable to owners of the Company --->							
	Share capital RM	**Capital reserve RM**	**Translation reserve RM**	**Treasury shares RM**	**Retained earnings RM**	**Sub-total RM**	**Perpetual securities RM**	**Total equity RM**
Group								
1 January 2021	528,999,579	26,578,054	4,644,018	(970,157)	327,816,043	887,067,537	345,915,827	1,232,983,364
Total comprehensive income for the financial year								
Profit for the financial	-	-	-	-	21,251,147	21,251,147	-	21,251,147
Other comprehensive loss for the financial year	-	-	(100,179)	-	-	(100,179)	-	(100,179)
Total comprehensive income	-	-	(100,179)	-	21,251,147	21,150,968	-	21,150,968
Transaction with owners								
Distribution paid to holders of perpetual securities	-	-	-	-	(24,073,715)	(24,073,715)	-	(24,073,715)
Total transaction with owners	-	-	-	-	(24,073,715)	(24,073,715)	-	(24,073,715)
At 31 December 2021	528,999,579	26,578,054	4,543,839	(970,157)	324,993,475	884,144,790	345,915,827	1,230,060,617

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STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTINUED)

	<---------- Attributable to owners of the Company						---------->	
	Share capital RM	**Capital reserve RM**	**Translation reserve RM**	**Treasury shares RM**	**Retained earnings RM**	**Sub-total RM**	**Perpetual securities RM**	**Total equity RM**
Group (Continued)								
At 1 January 2022	528,999,579	26,578,054	4,543,839	(970,157)	324,993,475	884,144,790	345,915,827	1,230,060,617
Total comprehensive income for the financial year								
Profit for the financial period	-	-	-	-	3,682,219	3,682,219	-	3,682,219
Other comprehensive loss for the financial period	-	-	(4,591,455)	-	-	(4,591,455)	-	(4,591,455)
Total comprehensive income	-	-	(4,591,455)	-	3,682,219	(909,236)	-	(909,236)
Transaction with owners								
Distribution paid to holders of perpetual securities	-	-	-	-	(35,962,309)	(35,962,309)	-	(35,962,309)
Total transactions with owners	-	-	-	-	(35,962,309)	(35,962,309)	-	(35,962,309)
At 30 June 2023	528,999,579	26,578,054	(47,616)	(970,157)	292,713,385	847,273,245	345,915,827	1,193,189,072

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STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTINUED)

	<------------------ Attributable to owners of the Company				------------------>	
	Share capital RM	**Treasury shares RM**	**Retained earnings RM**	**Sub-total RM**	**Perpetual securities RM**	**Total equity RM**
Company						
At 1 January 2021	528,999,579	(970,157)	(12,363,683)	515,665,739	345,915,827	861,581,566
Total comprehensive loss for the financial year						
Loss for the financial year	-	-	(18,701,144)	(18,701,144)	-	(18,701,144)
Total comprehensive loss	-	-	(18,701,144)	(18,701,144)	-	(18,701,144)
Transaction with owners						
Distribution paid to holders of perpetual securities	-	-	(24,073,715)	(24,073,715)	-	(24,073,715)
Total transaction with owners	-	-	(24,073,715)	(24,073,715)	-	(24,073,715)
At 31 December 2021	528,999,579	(970,157)	(55,138,542)	472,890,880	345,915,827	818,806,707

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STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTINUED)

	<------------------ Attributable to owners of the Company				------------------>	
	Share capital RM	**Treasury shares RM**	**Retained earnings RM**	**Sub-total RM**	**Perpetual securities RM**	**Total equity RM**
Company (Continued)						
At 1 January 2022	528,999,579	(970,157)	(55,138,542)	472,890,880	345,915,827	818,806,707
Total comprehensive income for the financial period						
Profit for the financial period	-	-	(2,215,484)	(2,215,484)	-	(2,215,484)
Total comprehensive income	-	-	(2,215,484)	(2,215,484)	-	(2,215,484)
Transaction with owners						
Distribution paid to holders of perpetual securities	-	-	(35,962,309)	(35,962,309)	-	(35,962,309)
Total transaction with owners	-	-	(35,962,309)	(35,962,309)	-	(35,962,309)
At 30 June 2023	528,999,579	(970,157)	(93,316,335)	434,713,087	345,915,827	780,628,914

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

YNH PROPERTY BHD.
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STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

		Group		Company	
	Note	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Cash flows from operating activities					
Profit/(Loss) before tax		20,416,799	34,662,631	(2,215,484)	(18,701,144)
Adjustments for:					
Amortisation of transaction cost		1,590,267	-	1,227,932	-
Adjustment to cost of investment properties		-	600,000	-	-
Depreciation of investment properties		4,858,701	4,952,586	-	-
Depreciation of property, plant and equipment		4,222,764	1,531,380	-	-
Depreciation of right-of-use assets		5,060,163	2,895,380	-	-
(Gain)/loss on disposal of:					
- property, plant and equipment		(23,352,136)	-	-	-
- investment properties		(10,110,038)	(36,452)	-	-
- right-of-use assets		4,192,549	-	-	-
Inventories written down		1,934,239	-	-	-
Impairment losses on:					
- right-of-use assets		1,809,846	-	-	-
- investment properties		1,092,236	-	-	-
- trade receivables		881,753	166	-	-
- lease receivables		-	1,299,572	-	-
- other receivables		5,572,430	-	-	-
- investment in subsidiaries		-	-	16,858,705	1,500,000
- amount owing by subsidiaries		-	-	-	15,941,421
Reversal of impairment losses on:					
- trade receivables		(2,359,900)	(413,575)	-	-
- lease receivables		(485,886)	(32,779)	-	-
- other receivables		(1,942,310)	(4,734,191)	-	-
Finance costs		51,990,866	33,863,392	25,838,110	-
Finance income		(172,156)	(408,060)	-	-
Property, plant and equipment written off		758,009	8,403	-	-
Provision for rectification works		475,315	120,905	-	-
Operating profit/(loss) before changes in working capital, carried forward		66,433,511	74,309,358	41,709,263	(1,259,723)

YNH PROPERTY BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTINUED)

		Group		Company	
	Note	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Cash flows from operating activities (Continued)					
Operating profit/(loss) before changes in working capital, brought forward		66,433,511	74,309,358	41,709,263	(1,259,723)
<u>Changes in working capital:</u>					
Inventories		47,822,523	26,324,591	-	-
Trade and other receivables		20,805,014	41,618,429	(254,400)	-
Trade and other payables		(20,143,085)	(32,960,887)	6,505,809	(999,537)
Contract liabilities		(50,282,946)	(44,868,015)	-	-
Cash generated from/ (used in) operations		64,635,017	64,423,476	47,960,672	(2,259,260)
Rectification work paid		(617,823)	(322,408)	-	-
Income tax refunded		455,998	-	-	-
Income tax paid		(17,187,102)	(3,102,137)	-	-
Interest received		172,156	408,060	-	-
Interest paid		(51,990,866)	(33,863,392)	(25,838,110)	-
Net cash (used in)/from operating activities		(4,532,620)	27,543,599	22,122,562	(2,259,260)
Cash flows from investing activities					
Additions in properties held for development		(97,500,000)	(60,987,520)	-	-
Purchase of property, plant and equipment		(3,827,967)	(999,537)	-	-
Purchase of right-of-use assets		-	(4,624)	-	-
Proceeds from disposal of:					
- property, plant and equipment		34,570,532	-	-	-
- investment properties		13,411,238	871,017	-	-
- right-of-use assets		6,535,000	-	-	-
Investing activities carried forward		(46,811,197)	(61,120,664)	-	-

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STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTINUED)

		Group		Company	
	Note	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Cash flows from investing activities (Continued)					
Investing activities brought forward		(46,811,197)	(61,120,664)	-	-
Additions in investment properties		(50,967)	(420,214)	-	-
Withdrawal of fixed deposits pledged		(415,764)	297,244	-	-
Withdrawal of Escrow accounts		130	10	130	10
Advances to subsidiaries		-	-	(12,706,528)	(16,246,071)
(Contribution to)/Capital repayment from subsidiaries		-	-	(397,087,036)	43,307,042
Net cash (used in)/from investing activities		(47,277,798)	(61,243,624)	(409,793,434)	27,060,981
Cash flows from financing activities	**(a)**				
Advances from/(Repayment to) subsidiaries		-	-	108,103,656	(808,951)
Advances from directors		101,626	13,000	53,000	-
Advances from/(Repayment to) persons related to directors		1,800,000	(1,950,790)	-	-
Repayment to director related companies		(7,553,085)	(30,048,021)	-	-
Debts issuance cost of Sukuk Wakalah		(3,938,278)	-	(3,938,278)	-
Proceeds from issuance of Sukuk Wakalah		323,000,000	-	323,000,000	-
Drawdown of term loans		58,000,000	10,750,000	-	-
Drawdown of hire purchase payables		2,562,000	-	-	-
Repayment of hire purchase payables		(1,205,158)	(6,354,560)	-	-
Payment of lease liabilities		(4,704,285)	(8,106,835)	-	-
Drawdown of short-term revolving credits		(188,054,915)	115,207,034	-	-
Repayment of term loans		(79,034,453)	(32,200,525)	-	-
Financing activities carried forward		100,973,452	47,309,303	427,218,378	(808,951)

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STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTINUED)

		Group		Company	
	Note	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM	01.01.2022 to 30.06.2023 RM	01.01.2021 to 31.12.2021 RM
Cash flows from financing activities (Continued)	**(a)**				
Financing activities brought forward		100,973,452	47,309,303	427,218,378	(808,951)
Drawdown of bankers' acceptances		2,229,228	359,570	-	-
Distribution paid to holders of perpetual securities		(35,962,309)	(24,073,715)	(35,962,309)	(24,073,715)
Net cash from/(used in) financing activities		67,240,371	23,595,158	391,256,069	(24,882,666)
Net increase/(decrease) in cash and cash equivalents		15,429,953	(10,104,867)	3,585,197	(80,945)
Cash and cash equivalents at the beginning of the financial period/year		(21,497,289)	(11,392,422)	85,526	166,471
Cash and cash equivalents at the end of the financial period/year	**14**	(6,067,336)	(21,497,289)	3,670,723	85,526

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTINUED)

(a) Reconciliation of changes in liabilities arising from financing activities

	1 January 2022 RM	Cash flows RM	Non-cash Additions RM	30 June 2023 RM
Group				
Lease liabilities	84,256	(4,704,285)	8,773,036	4,153,007
Revolving credits	414,897,925	(188,054,915)	-	226,843,010
Sukuk Wakalah	-	319,061,722	1,227,932	320,289,654
Term loans	327,728,324	(21,034,453)	-	306,693,871
Bankers' acceptances	4,652,623	2,229,227	-	6,881,850
Hire purchase payables	4,654,352	1,356,842	-	6,011,194
Amount owing to a director	683,871	101,626	-	785,497
Amount owing to companies related to directors	15,855,696	(7,553,085)	-	8,302,611
Amount owing to persons related to directors	1,271,290	1,800,000	-	3,071,290
	769,828,337	103,202,679	10,000,968	883,031,984

	1 January 2022 RM	Cash flows RM	Non-cash Amortisation RM	30 June 2023 RM
Company				
Amount owing to subsidiaries	163,826,679	108,103,656	-	271,930,335
Amount owing to a director	12,944	53,000	-	65,944
Sukuk Wakalah	-	319,061,722	1,227,932	320,289,654

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STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTINUED)

(a) Reconciliation of changes in liabilities arising from financing activities (Continued)

	1 January 2021 RM	**Cash flows RM**	**Non-cash Other payables RM**	**30 June 2021 RM**
Group				
Lease liabilities	13,670,442	(8,106,835)	(5,479,351)	84,256
Revolving credits	299,690,891	115,207,034	-	414,897,925
Term loans	349,178,849	(21,450,525)	-	327,728,324
Bankers' acceptances	4,293,053	359,570	-	4,652,623
Hire purchase payables	11,008,912	(6,354,560)	-	4,654,352
Amount owing to a director	670,871	13,000	-	683,871
Amount owing to companies related to directors	45,903,717	(30,048,021)	-	15,855,696
Amount owing to persons related to directors	3,222,080	(1,950,790)	-	1,271,290
	727,638,815	47,668,873	(5,479,351)	769,828,337

Changes in liabilities arising from financing activities of the Company in the previous financial year are changes arising from cash flows.

(b) During the financial period, the total cash outflows of the Group for leases are RM14,647,034 (Financial year ended 31.12.2021: RM11,320,147).

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

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NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

YNH Property Bhd. ("the Company") 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. The 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 its subsidiaries are property development, cultivation and sale of oil palm produce, general contracting, provision of consultancy services, provision of management services, lodging facilities, property investment holding, rental of plant and equipment, energy and utility provider, operation and management of a hotel and marketing agent.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 October 2023.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial period:

Amendments/Improvements to MFRSs	
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS, and amendments/improvements to MFRSs that have been issued, but are yet to be effective:

		Effetcive for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendements/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2023#
MFRS 5	Non-current Assets Held for Sales and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#/ 1 January 2024
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue fromm Contracts with Customers	1 January 2023#
MFRS 16	Lease	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#/ 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023#/ 1 January 2024
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 121	The Effects of Changes in Foregin Exchanges Rate	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs are summarised below.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

In another amendments, an entity is required to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

The initial application of the above applicable amendments/improvements to MFRSs is not expected to have material impact to the current and prior years financial statements of the Company.

2.4 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 they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.8 to the financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(a) Subsidiaries and business combination (Continued)

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

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

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

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group’s share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Transactions eliminated on consolidation

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b) to the financial statements.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions and operations (Continued)

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests.

3.4 Financial instruments

Financial instruments 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.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income ("FVOCI")**
  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows (Continued):

(i) Financial assets (Continued)

Debt instruments (Continued)

- **Fair value through profit or loss ("FVPL")**
  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows (Continued):

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

<u>Financial liabilities at amortised cost</u>

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

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(c) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or

(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(d) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17 to the financial statements.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on a straight-line basis by allocating their depreciable amounts over their remaining useful lives at the following annual rates:

Buildings	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 methods are reviewed at the end of each reporting period and adjusted as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment (Continued)

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.6 Leases

(a) Definition of lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified assets;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group presents right-of-use assets and lease liabilities as separate lines in the statement of financial position.

<u>Right-of-use asset</u>

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

(b) Lessee accounting (Continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other expenses” in the statement of comprehensive income.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group is intermediate lessor, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(b), then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group applies MFRS 15 to allocate the consideration under the contract to each component.

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

The Group uses the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17 to the financial statements.

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in investment properties are not depreciated as these assets are not yet available for use.

All other investment properties are depreciated on a straight-line basis by allocating their depreciable amounts over their remaining useful lives at the annual rate of 1% - 14%.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Investment properties (Continued)

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

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

3.8 Goodwill on consolidation

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

3.9 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- building materials and consumables: purchase costs on a first-in first-out basis.
- unsold completed development properties held for sale: specific identification.
- stationeries and housekeeping supplies: purchase costs on a first-in first-out basis.

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

<u>Properties held for development</u>

Properties held for development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Cost includes cost of land and attributable development expenditures.

Properties held for development will be reclassified to properties under development when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

<u>Properties under development or held for sale</u>

Cost includes:

- freehold and leasehold rights for land;
- amounts paid to contractors for construction; and
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Inventories (Continued)

<u>Completed properties</u>

The cost of unsold completed development units comprises cost associated with the acquisition of land, construction costs and appropriate proportions of common development costs.

3.10 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

3.11 Cash and cash equivalents

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

3.12 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income ("FVOCI"), lease receivables, contract assets and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- non-trade receivables and deposits that are determined to have low credit risk at the reporting date; and
- other non-trade receivables, deposits and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, such as a default of past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

(b) Impairment of non-financial assets (Continued)

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.13 Equity instruments

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Equity instruments (Continued)

(c) Perpetual securities

Perpetual securities is classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or liabilities with another person or entity that are potentially unfavourable to the Group. Distribution on perpetual securities is recognised in equity in the period in which they are declared or paid.

Cost directly attributable to the issuance of the instrument, net of tax, are treated as a deduction from the proceeds.

3.14 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial period where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund (“EPF”), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.15 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.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

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.

(a) Onerous contract

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the lower of the present value of the expected cost of terminating the contract and the present value of the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Provisions (Continued)

(b) Rectification works

A provision for rectification works is recognised when the Group expects to incur rectification costs on completed contracts within one year after the completion of the construction contracts.

(c) Legal claims

For lawsuit provisions, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advice of legal experts.

3.16 Revenue and other income

The Group recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group reasonably expects that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group measures revenue at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group assesses the type of modification and accounted for as either creates a separate new contract; terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and other income (Continued)

Financing components

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Property development

The Group develops and sells residential and commercial properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. In the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and include deposits or advances received from customers exceeds revenue recognised to date, then the Group recognises a contract liability for the difference.

Revenue from sale of properties held for development and completed properties are recognised at a point in time when the control of the properties has been transferred to the customers i.e. upon delivery to purchasers, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange for the properties held for development and completed properties sold.

Consistent with market practice, the Group collects deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group has obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and other income (Continued)

(a) Property development (Continued)

Based on the Group's customary business practice, the customers' legal fees are borned by the Group. Revenue is recognised based on the transaction price agreed in the contracts, net of the customers' legal fees. The Group uses its experience in estimating the legal fees to be incurred. The Group uses the expected value method because it is the method that the Group expects to better predict the amount of consideration to which they will be entitled. The amount of revenue recognised does not include any customers' legal fees which is constrained.

For residential properties, as part of the statutory requirements, the Group's obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent within a period of 24 months after the customer takes vacant possession of the building are recognised as a provision, if any.

For commercial properties, the Group's obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent according to the terms of contract are recognised as a provision, if any.

(b) Construction contracts

The Group constructs properties under long-term contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the properties is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term of 30 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for construction of properties based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference. Defect liability period which commenced from the date of Certificate of Practical Completion are provided in the contracts with customers.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and other income (Continued)

(c) Income from estates

Revenue from estates is recognised at a point in time when control of the produce is transferred to the customer. The sale of estates produce is either on cash terms or on credit terms of up to 30 days.

(d) Rendering of hotel services

Revenue from a contract to provide hotel services is recognised at a point in time as the services are rendered. Payment terms are either on cash terms or on credit terms of up to 30 days for corporate customer.

(e) Sale of electricity

The Group sells electricity to residents of a development and tenants of a shopping mall. Revenue from sale of electricity is recognised over time when electricity is supplied as the customers simultaneously received and consumed the benefits provided by the Group. The promise to supply electricity represents a promise to transfer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customers. Consideration from the prepaid sale to tenants where services have not been rendered at the reporting date is deferred as contract liability until actual consumption.

Revenue from postpaid sale of electricity is recognised when electricity is used. Postpaid sales are made with a credit term of 30 days, which is consistent with market practices, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Dividend income

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

(h) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

3.18 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Income tax (Continued)

(b) Deferred tax (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. 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 allow the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

(c) Sales and service tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales and services tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.20 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Managing Director of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.21 Fair value measurements

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 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(s) not wholly within the control of the Group.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

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

3.23 Contract costs

(a) Recognition and measurement

Contract costs include costs of obtaining a contract.

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group expects those costs are recoverable.

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors.*

(c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(a) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
(b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Contract costs (Continued)

The Group has applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the Group would have recognised is one year or less.

3.24 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. A gain for any subsequent increase in fair value less costs to sell of an asset is recognised but not in excess of the cumulative impairment loss that has been recognised.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rate to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for the cash-generating unit, including sensitivity analysis, are disclosed in Note 9 to the financial statements.

(b) Property development revenue

The Group recognised property development revenue in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs for each project.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the potential exposure to liquidated ascertained damages. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The estimated total revenue and costs are affected by a variety of uncertainties that depends on the outcome of future events.

The property development revenue is disclosed in Note 25 to the financial statements.

(c) Funding requirements and ability to meet short term obligations

The Group applies judgement in determining the funding requirements and its ability to meet short-term obligations. The Group considers the facts and circumstances and makes assumptions about the future, including the cash flows to be generated from the operations of the Group and the available financing facilities.

The details of funding requirements and ability to meet short-term obligations are disclosed in Note 32(b)(ii) to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings RM	Plant and machineries RM	Motor vehicles RM	Tennis court RM	Office equipment, furniture, fittings and renovations RM	Crockery, glassware, cutlery, carpet and linen RM	Construction in progress RM	Total RM
Group									
Cost									
At 1 January 2022	85,985,259	11,605,296	69,063,261	7,355,891	70,004	18,504,483	3,231,250	1,067,723	196,883,167
Additions	-	237,488	3,196,256	-	-	368,497	25,726	-	3,827,967
Disposal	(10,860,236)	-	(407,000)	-	-	-	-	-	(11,267,236)
Written off	-	(237,488)	(523,663)	-	-	(10,430)	-	-	(771,581)
At 30 June 2023	75,125,023	11,605,296	71,328,854	7,355,891	70,004	18,862,550	3,256,976	1,067,723	188,672,317
Accumulated depreciation and impairment loss									
At 1 January 2022	-	3,698,259	58,555,112	6,556,615	70,002	15,870,409	1,240,550	-	85,990,947
Depreciation charge for the financial period	-	813,218	5,022,523	205,379	-	1,681,406	38,688	-	7,761,214
Disposal		-	(48,840)	-	-	-	-	-	(48,840)
Written off	-	-	(4,185)	-	-	(9,387)	-	-	(13,572)
At 30 June 2023	-	4,511,477	63,524,610	6,761,994	70,002	17,542,428	1,279,238	-	93,689,749
Carrying amount									
At 30 June 2023	75,125,023	7,093,819	7,804,244	593,897	2	1,320,122	1,977,738	1,067,723	94,982,568

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Buildings RM	Plant and machineries RM	Motor vehicles RM	Tennis court RM	Office equipment, furniture, fittings and renovations RM	Crockery, glassware, cutlery, carpet and linen RM	Construction in progress RM	Total RM
Group (Continued)									
Cost									
At 1 January 2021									
- As previously reported	85,985,209	11,605,296	28,080,157	6,799,215	70,004	18,286,805	3,231,250	1,067,723	155,125,659
- Reclassification (Note 37)	-	-	40,285,330	556,676	-	-	-	-	40,842,006
- As restated	85,985,209	11,605,296	68,365,487	7,355,891	70,004	18,286,805	3,231,250	1,067,723	195,967,665
Additions	50	-	731,924	-	-	267,563	-	-	999,537
Written off	-	-	(34,150)	-	-	(49,885)	-	-	(84,035)
At 31 December 2021	85,985,259	11,605,296	69,063,261	7,355,891	70,004	18,504,483	3,231,250	1,067,723	196,883,167
Accumulated depreciation and impairment loss									
At 1 January 2021									
- As previously reported	-	3,439,784	22,936,220	6,384,518	70,002	14,532,086	1,215,954	-	48,578,564
- Reclassification (Note 37)	-	-	31,482,257	25,050	-	-	-	-	31,507,307
- As restated	-	3,439,784	54,418,477	6,409,568	70,002	14,532,086	1,215,954	-	80,085,871
Depreciation charge for the financial year	-	258,475	4,167,370	147,047	-	1,383,220	24,596	-	5,980,708
Written off	-	-	(30,735)	-	-	(44,897)	-	-	(75,632)
At 31 December 2021	-	3,698,259	58,555,112	6,556,615	70,002	15,870,409	1,240,550	-	85,990,947
Carrying amount									
At 31 December 2021	85,985,259	7,907,037	10,508,149	799,276	2	2,634,074	1,990,700	1,067,723	110,892,220

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Assets pledged as security

Freehold land with a carrying amount of RM81,452,598 (31.12.2021: RM84,648,700) has been pledged as security for banking facilities of the Group as disclosed in Note 20 to the financial statements.

(b) Plant and machineries

Plant and machineries are analysed as follows:

	Group		
	Machinery and equipment (own use) RM	**Machinery and equipment (subject to operating lease) RM**	**Total RM**
Cost			
At 1 January 2022	57,248,159	11,815,102	69,063,261
Additions	3,196,256	-	3,196,256
Disposal	-	(407,000)	(407,000)
Written off	(523,663)	-	(523,663)
At 30 June 2023	59,920,752	11,408,102	71,328,854
Accumulated depreciation			
At 1 January 2022	48,140,673	10,414,439	58,555,112
Depreciation charge for the financial period	4,776,629	245,894	5,022,523
Disposal	-	(48,840)	(48,840)
Written off	(4,185)	-	(4,185)
At 30 June 2023	52,913,117	10,611,493	63,524,610
Carrying amount			
At 30 June 2023	7,007,635	796,609	7,804,244

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Plant and machineries (Continued)

Plant and machineries are analysed as follows (Continued):

	Machinery and equipment (own use) RM	Group Machinery and equipment (subject to operating lease) RM	Total RM
Cost			
At 1 January 2021			
- As previously reported	16,265,055	11,815,102	28,080,157
- Reclassification (Note 37)	40,285,330	-	40,285,330
- As restated	56,550,385	11,815,102	68,365,487
Additions	731,924	-	731,924
Written off	(34,150)	-	(34,150)
At 31 December 2021	57,248,159	11,815,102	69,063,261
Accumulated depreciation			
At 1 January 2021			
- As previously reported	12,673,698	10,262,522	22,936,220
- Reclassification (Note 37)	31,482,257	-	31,482,257
- As restated	44,155,955	10,262,522	54,418,477
Depreciation charge for the financial year	4,015,453	151,917	4,167,370
Written off	(30,735)	-	(30,735)
At 31 December 2021	48,140,673	10,414,439	58,555,112
Carrying amount			
At 31 December 2021	9,107,486	1,400,663	10,508,149

The Group leases some of its machinery and equipment to third parties.

6. RIGHT-OF-USE ASSETS

The Group leases several assets including leasehold land, and service suites.

Information about leases for which the Group is a lessee is presented below:

	Group		
	Leasehold land RM	**Service suites RM**	**Total RM**
Cost			
At 1 January 2022	51,697,015	-	51,697,015
Additions	225	8,773,036	8,773,261
Disposal	(11,720,890)	-	(11,720,890)
At 30 June 2023	39,976,350	8,773,036	48,749,386
Accumulated depreciation and impairment loss			
At 1 January 2022	4,324,651	-	4,324,651
Depreciation charge for the financial period	861,589	4,198,574	5,060,163
Impairment loss for the financial period	-	1,809,846	1,809,846
Disposal	(993,341)	-	(993,341)
At 30 June 2023	4,192,899	6,008,420	10,201,319
Carrying amount			
At 30 June 2023	35,783,451	2,764,616	38,548,067

6. RIGHT-OF-USE ASSETS (CONTINUED)

Information about leases for which the Group is a lessee is presented below (Continued):

	Group				
	Leasehold land RM	Service and office suites RM	Plant and machineries RM	Motor vehicle RM	Total RM
2021					
Cost					
At 1 January 2021					
- As previously reported	51,692,391	45,100,868	40,285,330	556,676	137,635,265
- Reclassification (Note 37)	-	-	(40,285,330)	(556,676)	(40,842,006)
- As restated	51,692,391	45,100,868	-	-	96,793,259
Additions	4,624	-	-	-	4,624
Expiry of leases	-	(45,100,868)	-	-	(45,100,868)
At 31 December 2021	51,697,015	-	-	-	51,697,015
Accumulated depreciation and impairment loss					
At 1 January 2021					
- As previously reported	3,723,979	45,100,868	31,482,257	25,050	80,332,154
- Reclassification	-	-	(31,482,257)	(25,050)	(31,507,307)
- As restated	3,723,979	45,100,868	-	-	48,824,847
Depreciation charge for the financial year	600,672	-	-	-	600,672
Expiry of leases	-	(45,100,868)	-	-	(45,100,868)
At 31 December 2021	4,324,651	-	-	-	4,324,651
Carrying amount					
At 31 December 2021	47,372,364	-	-	-	47,372,364

(a) Leasehold land

Leasehold land with a carrying amount of RM34,213,207 (31.12.2021: RM45,764,711) has been pledged as security for banking facilities of the Group as disclosed in Note 20 to the financial statements.

(b) Service suites

During the financial period, the Group entered into lease arrangements for a period of 2 years from the commencement date.

7. INVESTMENT PROPERTIES

	Group 30.06.2023 RM	31.12.2021 RM
Cost		
At 1 January	329,166,828	330,449,897
Additions	50,967	420,214
Adjustment to cost	-	(600,000)
Disposal	(3,967,320)	(1,103,283)
Transfer to assets classified as held for sale (Note 15)	(170,171,181)	-
At 30 June 2023/31 December 2021	155,079,294	329,166,828
Accumulated depreciation and impairment loss		
At 1 January	33,455,633	28,771,765
Depreciation charge for the financial period/year	4,858,701	4,952,586
Impairment loss for the financial period/year	1,092,236	-
Disposal	(666,120)	(268,718)
Transfer to assets classified as held for sale (Note 15)	(28,453,938)	-
At 30 June 2023/31 December 2021	10,286,512	33,455,633
Carrying amount		
At 30 June 2023/31 December 2021	144,792,782	295,711,195
Estimated fair value		
At 30 June 2023/31 December 2021	697,827,225	849,020,301

Investment properties comprise service residences, shophouses, commercial buildings, a sports complex, shopping complex, vacant land and an international school.

Freehold and leasehold investment properties with a carrying amount of RM144,792,782 (2021: RM285,619,083) have been pledged as security to secure perpetual securities and banking facilities of the Group as disclosed in Notes 19 and 20 to the financial statements.

Fair value information

Fair value of investment properties is categorised as follows:

	Group Level 3 RM
30 June 2023	
Investment properties	697,827,225
31 December 2021	
Investment properties	849,020,301

There were no Level 1 or Level 2 investment properties or transfers between Level 1 and Level 2 during the financial period.

7. INVESTMENT PROPERTIES (CONTINUED)

Level 3 fair value

The estimated fair values of the investment properties were determined by external, independent valuers or based on information available through internal research and the directors' best estimate primarily using market comparison method by reference to similar properties in the locality and adjusting for location, size and other differences and cost method. The most significant input into this valuation approach is price or cost per square foot of the properties.

8. INVENTORIES

	Group	
	30.06.2023	**31.12.2021**
	RM	**RM**
Non-current		
Properties held for development		
- Freehold land	638,538,873	775,021,704
- Leasehold land	301,371,361	290,554,013
- Development costs	78,924,063	102,236,416
	1,018,834,297	1,167,812,133
Current		
Properties under development		
- Freehold land	209,386,687	306,883,627
- Development costs	48,510,887	36,703,685
Property held for sale	255,039,458	-
Completed properties	274,741,061	247,439,092
Building materials and consumables	3,649,249	332,121
Stationeries and housekeeping supplies	300,190	9,483
	791,627,532	591,368,008
	1,810,461,829	1,759,180,141

(i) The cost of inventories of the Group recognised as an expense in cost of sales during the financial period was RM116,938,617 (Financial year ended 31.12.2021: RM96,380,186). The amount recognised as an expense in other operating expenses during the financial period in respect of write down of inventories to net realisable value was RM1,934,239 (Financial year ended 2021: Nil).

(ii) The following properties are pledged as security for banking facilities granted to the Group as disclosed in Note 20 to the financial statements:

	Group	
	30.06.2023	**31.12.2021**
	RM	**RM**
Properties held for development	684,961,743	525,890,305
Properties under development	260,334,599	337,679,482
Property held for sale	255,039,458	-
Completed properties	234,682,801	235,134,927

8. INVENTORIES (CONTINUED)

(iii) Included in properties under development are development costs incurred during the financial period as follows:

	Group 30.06.2023 RM	31.12.2021 RM
Depreciation of property, plant and equipment	3,538,450	439,605
Expense relating to short-term leases of plant and machineries	228,886	649,380

(iv) Included in inventories are properties held for development, properties under development and property held for sale of the Group of RM1,100,210,470 (31.12.2021: RM1,007,510,470) paid in respect of joint venture and turnkey contracts entered into with the joint venture parties or landowners for property development work. During the financial period, additional amounts of RM97,500,000 (Financial year ended 31.12.2021: RM55,600,000) were paid to the landowners. These amounts pertain to joint venture and turnkey contracts entered into with joint venture parties or landowners for development work. The land cost is subject to the agreed entitlement provided in the contract with the joint venture partners or landowners.

During the financial period, the Group was subject to queries and investigations by regulatory authorities regarding these joint venture and turnkey contracts entered into by the Group. Consequently, the Group has initiated a special review of these transactions to examine any potential involvement of related parties and the Group's compliance with the applicable laws and regulations. At the date of authorisation of these financial statements, the outcome of the regulatory authorities' investigation remain unknown, and the special review by the Group has not been completed.

(v) During the financial period, the turnkey contract with a landowner was mutually terminated and a sub-sale agreement was entered into with the landowner to purchase the property as disclosed in Note 38(b). Subsequently, the Group entered into a sale and purchase agreement for the sale of the property to a third party as disclosed in Note 38(c). The transactions are subject to fulfilment of conditions precedent and the related inventory is classified as property held for sale.

(vi) Titles of certain properties held for development of the Group with carrying amount of RM1,086,939,594 (31.12.2021: RM1,080,796,401) are registered under the names of the previous proprietors or joint venture partners.

(vii) Titles of certain properties under development of the Group with carrying amount of RM259,410,423 (31.12.2021: RM239,666,718) are registered under the names of the previous proprietors or joint venture partners.

9. GOODWILL ON CONSOLIDATION

	Group 30.06.2023 RM	31.12.2021 RM
Goodwill on consolidation	17,626,036	17,626,036

Goodwill has been allocated to the Group's cash generating unit ("CGU") identified according to its business segments which is the property development segment.

9. GOODWILL ON CONSOLIDATION (CONTINUED)

The recoverable amount of the CGU is determined based on value-in-use calculations using three-year cash flow projections from financial budgets approved by management and cash flows beyond that period are extrapolated.

The values assigned to key assumptions are based on the Group's assessments after considering both external and internal sources of information. The following describes each key assumption which the directors have used in the cash flows projection for the purposes of impairment testing of goodwill:

(i) Budgeted gross margins – Gross margins are based on the historical gross margins achieved and anticipated future projects.
(ii) Growth rates – Growth rates are based on general market and economic conditions, existing and anticipated projects and other available information for the next 3 years and assuming no growth for subsequent years.
(iii) Pre-tax discount rate – Discount rate of 14% (31.12.2021: 15%) 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 amount of goodwill to materially exceeds its recoverable amount.

10. INVESTMENT IN SUBSIDIARIES

	Company	
	30.06.2023	**31.12.2021**
	RM	**RM**
At cost		
Unquoted shares	552,221,584	552,221,584
Loans that are part of net investments	843,941,509	446,854,473
Less: Impairment loss	(38,011,214)	(21,152,509)
	1,358,151,879	977,923,548

Loans that are part of net investments represent amount owing by subsidiaries which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiaries. As this amount is, in substance, a part of the Company’s net investment in the subsidiaries, it is stated at cost less accumulated impairment loss, if any.

During the financial period, an impairment loss on the entire investment in certain subsidiaries amounted to RM16,858,705 (2021: RM1,500,000) was recognised and included in other operating expenses line in profit or loss as the subsidiaries incurred continuous losses, recorded capital deficiency position and are not expected to have significant recoverable amount.

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries, which are incorporated and have principal place of business/country of incorporation in Malaysia, are as follows:

Name of company	Ownership interest 30.06.2023 %	31.12.2021 %	Principal activities
Kar Sin Berhad @	100	100	Property development and, cultivation and sale of oil palm produce
YNH Construction Sdn. Bhd.	100	100	General contracting
D'Kiara Place Sdn. Bhd. ^	100	100	Property development and provision of consultancy services
YNH Hospitality Sdn. Bhd.	100	100	Provision of management services, lodging facilities and property investment holding
YNH Services Sdn. Bhd.	100	100	Ceased operation
YNH Land Sdn. Bhd.	97	97	Property investment holding
Green Mirage Sdn. Bhd.	100	100	Property investment holding
Kiara Desaru Sdn. Bhd.	100	100	Property investment holding
YNH Engineering Sdn. Bhd.	100	100	General contracting
YNH Electrical Engineering Sdn. Bhd.	100	100	General contracting
YNH Ready Mix Sdn. Bhd.	100	100	Rental of plant and equipment
Sky High Corporation *	100	100	Dormant
YNH Hardware Sdn. Bhd.	100	100	Dormant
YNH Communication Engineering Sdn. Bhd.	100	100	Dormant
YNH Utility Sdn. Bhd.	100	100	Energy and utility provider
Desaru Ace Services Sdn. Bhd.	100	100	Dormant
Subsidiaries of Kar Sin Berhad			
Hotel Sfera Sdn. Bhd.	100	100	Operation and management of a hotel and its related business and property investment holding
Mesra Unggul Sdn. Bhd.	100	100	Property investment holding and development
Bay Clubhouse Sdn. Bhd.	100	100	Property investment holding
YNH Land Sdn. Bhd.	3	3	Property investment holding
Benua Kukuh Sdn. Bhd.	100	100	Property investment holding
YNH Realty Sdn. Bhd.	100	100	Marketing agent

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries, which are incorporated and have principal place of business/country of incorporation in Malaysia, are as follows (Continued):

@ The auditor's opinion on the financial statements of this subsidiary included a qualification on the inventories amounting to RM1,100,210,470 being amounts paid in respect of the joint venture and turnkey contracts entered into by the subsidiary as auditors could not obtain sufficient appropriate evidence that the joint venture and turnkey contracts entered into with the respective joint venture parties or landowners are not related party transactions, and on the value of these inventories as at 30 June 2023 and the related disclosures. Consequently, the auditors were unable to determine whether any adjustments to the financial statements were necessary.

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

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

11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	30.06.2023	**31.12.2021**
	RM	**RM**
Deferred tax assets		
At 1 January	99,094,902	99,094,902
Recognised in profit or loss (Note 30)	16,919,659	7,704,639
At 30 June 2023/31 December 2021	116,014,561	99,094,902
Deferred tax liabilities		
At 1 January	(28,593,064)	(28,593,064)
Recognised in profit or loss (Note 30)	4,162,903	3,173,579
At 30 June 2023/31 December 2021	(24,430,161)	(28,593,064)

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

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax relates to the following:

	At 1 January 2021 RM	Recognised in profit or loss RM	At 31 December 2021 RM	Recognised in profit or loss RM	At 30 June 2023 RM
Deferred tax assets					
Deductible temporary differences in respect of expenses	3,238,981	263,101	3,502,082	(1,291,461)	2,210,621
Arising from transfer of property development cost or inventories to investment properties	1,351,742	-	1,351,742	-	1,351,742
Differences between the carrying amount of property, plant and equipment and its tax base	37,666	(19,845)	17,821	(596,791)	(578,970)
Interest attributable to property development cost	42,433,186	5,708,954	48,142,140	3,913,906	52,056,046
Lease liabilities	-	-	-	462,114	462,114
Unrealised profit on development properties	44,328,688	1,752,429	46,081,117	11,302,905	57,384,022
Unutilised tax losses	-	-	-	3,128,986	3,128,986
	91,390,263	7,704,639	99,094,902	16,919,659	116,014,561
Deferred tax liabilities					
Taxable temporary differences in respect of income	(668,050)	(121,987)	(790,037)	580,637	(209,400)
Differences between the carrying amount of property, plant and equipment and its tax base	(586,278)	(361,190)	(947,468)	456,518	(490,950)
Fair value adjustment on consolidation	(30,512,315)	3,656,756	(26,855,559)	3,125,748	(23,729,811)
	(31,766,643)	3,173,579	(28,593,064)	4,162,903	(24,430,161)
	59,623,620	10,878,218	70,501,838	21,082,562	91,584,400

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	30.06.2023	**31.12.2021**
	RM	**RM**
Deductible temporary difference in respect of expenses	3,084,177	(1,494,503)
Unutilised tax losses	56,838,829	56,152,149
Unabsorbed capital allowances	14,890,178	12,829,528
	74,813,184	67,487,174

The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The unutilised tax losses which are available for offset against future taxable profits of the subsidiaries will expire in the following financial years:

	Group	
	30.06.2023	**31.12.2023**
	RM	**RM**
2028	38,191,473	41,063,852
2029	8,755,671	7,435,237
2030	8,582,110	7,653,060
2031	478,718	-
2032	830,857	-
	56,838,829	56,152,149

12. OTHER CURRENT ASSETS

		Group		Company	
		30.06.2023	**31.12.2021**	**30.06.2023**	**31.12.2021**
	Note	**RM**	**RM**	**RM**	**RM**
Costs to obtain contracts	**(a)**	1,573,233	1,236,289	-	-
Deposits for acquisition of development lands		125,211	125,211	-	-
Mobilisation deposits	**(b)**	3,158,700	3,158,700	-	-
Prepayments		840,341	425,786	32,077	32,077
		5,697,485	4,945,986	32,077	32,077

12. OTHER CURRENT ASSETS (CONTINUED)

(a) Costs to obtain contracts

Costs to obtain contracts relate to incremental commission fees paid to intermediaries as a result of obtaining residential and commercial properties sales contracts.

These costs are amortised in accordance with the pattern of transfer of goods or services to which the asset relates. In 30 June 2023, amortisation amounting to RM1,696,830 (Financial year ended 31.12.2021: RM6,269,813) was recognised as part of selling and marketing expenses. There was no impairment loss in relation to the costs capitalised.

(b) Mobilisation deposits

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

13. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	30.06.2023 RM	31.12.2021 RM	30.06.2023 RM	31.12.2021 RM
Trade					
Trade receivables from contracts with customers		66,531,414	93,701,132	-	-
Lease receivables		2,390,009	3,816,019	-	-
Less: Allowance for impairment loss					
- Trade receivables from contracts with customers		(7,805,914)	(8,089,518)	-	-
- Lease receivables		(2,390,009)	(3,816,019)	-	-
	(a)	58,725,500	85,611,614	-	-
Non-trade					
Other receivables		19,192,796	13,247,978	254,400	-
Less: Allowance for impairment loss		(11,674,695)	(8,044,575)	-	-
	(b)	7,518,101	5,203,403	254,400	-
GST refundable		189,095	557,070	-	-
Deposits		6,313,789	4,959,333	-	-
Amount owing by subsidiaries	**(c)**	-	-	38,300,358	25,593,830
Less: Allowance for impairment loss		-	-	(20,556,617)	(20,556,617)
		14,020,985	10,719,806	17,998,141	5,037,213
Total trade and other receivables		72,746,485	96,331,420	17,998,141	5,037,213

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 14 to 60 days (31.12.2021: 14 to 60 days) from the date of invoices.

Included in trade receivables of the Group are amounts of:

(i) RM3,693,256 (31.12.2021: RM6,831,096) owing by a company related to a director of the Company;

(ii) RM4,037,550 (31.12.2021: RM7,540,837) owing by certain directors of the Company;

(iii) RM238,800 (31.12.2021: RM6,220,005) owing by persons related to directors of the Company; and

(iv) RM13,585,262 (31.12.2021: RM14,284,926) being retention sums held by stakeholders. The retention sums which are receivable upon the expiry of defect liability period as provided in the contracts with customers expected to be collected are as follows:

	Group	
	30.06.2023	**31.12.2021**
	RM	**RM**
Within one year	13,585,262	740,454
Later than one year	-	13,544,472
	13,585,262	14,284,926

The amounts owing by a company related to a director, certain directors and persons related to directors of the Company are in respect of purchase of properties from the Group.

The movement in the allowance for impairment loss of trade receivables is as follows:

	Group	
	30.06.2023	**31.12.2021**
	RM	**RM**
At 1 January	11,905,537	11,052,153
Charge for the financial period/year (Note 28)		
- Trade receivables from contracts with customers	881,753	166
- Lease receivables	-	1,299,572
Reversal of impairment losses (Note 28)		
- Trade receivables from contracts with customers	(2,359,900)	(413,575)
- Lease receivables	(485,886)	(32,779)
Written off	254,419	-
At 30 June 2023/31 December 2021	10,195,923	11,905,537

The information about the credit exposures are disclosed in Note 32(b)(i) to the financial statements.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Other receivables

Included in other receivables are lease receivables amounted to RM3,583,847 (31.12.2021: RM2,160,134).

The movement in the allowance for impairment loss of other receivables is as follows:

	Group	
	30.06.2023	**31.12.2021**
	RM	**RM**
At 1 January	8,044,575	12,778,766
Charge for the financial period/year (Note 28)	5,572,430	-
Reversal of impairment losses (Note 28)	(1,942,310)	(4,734,191)
At 30 June 2023/31 December 2021	11,674,695	8,044,575

(c) Amount owing by subsidiaries

The amount owing by subsidiaries is unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

The movement in the allowance for impairment loss of amount owing by subsidiaries is as follows:

	Company	
	30.06.2023	**31.12.2021**
	RM	**RM**
At 1 January	20,556,617	4,615,196
Charge for the financial period/year (Note 28)	-	15,941,421
At 30 June 2023/31 December 2021	20,556,617	20,556,617

14. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	30.06.2023	**31.12.2021**	**30.06.2023**	**31.12.2021**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	35,735,717	33,608,164	3,672,613	87,546
Short-term deposits	942,818	527,054	-	-
Short term fund - redeemable at call	605,721	14,641	-	-
	37,284,256	34,149,859	3,672,613	87,546

14. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	30.06.2023	**31.12.2021**	**30.06.2023**	**31.12.2021**
	RM	**RM**	**RM**	**RM**
Short-term deposits	942,818	527,054	-	-
Less: Pledged deposits	(942,818)	(527,054)	-	-
	-	-	-	-
Cash and bank balances	35,735,717	33,608,164	3,672,613	87,546
Short term fund	605,721	14,641	-	-
Bank overdrafts (Note 20)	(42,406,884)	(55,118,074)	-	-
Escrow accounts	(1,890)	(2,020)	(1,890)	(2,020)
	(6,067,336)	(21,497,289)	3,670,723	85,526

The short-term deposits of the Group amounting to RM942,818 (31.12.2021: RM527,054) is pledged as security for bank guarantees granted to the Group.

Included in cash and bank balances of the Group is an amount of RM1,030,612 (31.12.2021: RM1,917,312) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

Included in cash and bank balances of the Group and of the Company is an amount of RM1,890 (31.12.2021: RM2,020) held as Escrow Accounts pursuant to the Perpetual Securities Programme as disclosed in Note 19 to the financial statements.

Included in short-term deposits of the Group is an amount of RM161,420 (31.12.2021: RM161,420) held in trust by a director of the Company.

The short-term deposits of the Group bear interest rates with maturity periods as follows:

	Maturities		Interest rates	
	30.06.2023	**31.12.2021**	**30.06.2023**	**31.12.2021**
	Days	**Days**	**%**	**%**
Group				
Short-term deposits	30 - 365	30 - 365	1.30 - 2.93	1.30 - 2.53

15. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 17 November 2022, YNH Hospitality Sdn. Bhd., a wholly-owned subsidiary of the Company proposed to enter into a sale and purchase agreement with ALX Asset Berhad for the disposal of two-storey retail shopping mall known as "AEON Seri Manjung" erected on a freehold land for a cash consideration of RM152,000,000 ("Proposed Disposal"). The Proposed Disposal is expected to be completed within the next financial year.

On 12 April 2023, YNH Ready Mix Sdn. Bhd., a wholly-owned subsidiary of the Company entered into sale and purchase agreements with a person connected to a director of the Company for the disposal of fifteen (15) units of service residences for a total cash consideration of RM13,142,000. The disposal is expected to be completed within the next financial year.

Accordingly, the freehold land and building, and service residences have been classified as non-current assets held for sale.

	Group	
	30.06.2023 RM	31.12.2021 RM
Investment properties (Note 7)	141,717,243	-

The investment properties have been pledged as security for banking facilities of the Group as disclosed in Note 20 to the financial statements.

16. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		<--------------Amounts-------------->	
	30.06.2023 Units	31.12.2021 Units	30.06.2023 RM	31.12.2021 RM
Issued and fully paid up (no par value):				
At 1 January/ 31 December/ 30 June	528,999,579	528,999,579	528,999,579	528,999,579

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.

17. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The amount consists of the cost of acquisition of treasury shares net of the proceeds received on their subsequent sale or issuance. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan are applied in the best interests of the Company and its shareholders. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016 in Malaysia.

As at 30 June 2023, the Company held 512,512 (31.12.2021: 512,512) ordinary shares as treasury shares at a carrying amount of RM970,157 (31.12.2021: RM970,157).

18. OTHER RESERVES

		Group	
	Note	**30.06.2023 RM**	**31.12.2021 RM**
Capital reserve	**(a)**	26,578,054	26,578,054
Translation reserve	**(b)**	(47,616)	4,543,839
		26,530,438	31,121,893

(a) Capital reserve

This capital reserve represents the changes in fair value of the subsidiaries acquired.

(b) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of subsidiary whose functional currency is different from that of the Group's presentation currency.

19. PERPETUAL SECURITIES

On 7 August 2019, the Company made its first issuance of RM263 million nominal value of senior ranking unrated perpetual securities ("Perpetual Securities") pursuant to the RM750 million Perpetual Securities Programme.

On 30 July 2020, the Company made its second issuance of RM87 million nominal value of Perpetual Securities under the same programme.

The net proceeds raised from the Perpetual Securities will be utlilised for investments, capital expenditure, working capital and repayment of the Group's existing borrowings.

The salient features of the Perpetual Securities are as follows:

(a) The Perpetual Securities has no fixed maturity date and the Company has an option to redeem all or part of the Perpetual Securities at the end of the fifth year from the issuance date, and on each subsequent coupon payment date (i.e. semi-annually);

(b) The Company also has the option to redeem the Perpetual Securities if there is any change or amendment to the accounting standards resulting in the Perpetual Securities no longer being classified as equity;

19. PERPETUAL SECURITIES (CONTINUED)

The salient features of the Perpetual Securities are as follows (Continued):

(c) The Perpetual Securities carries a coupon rate of 6.85% per annum payable semi-annually for the first 5 years;

(d) Deferred coupon payment, if any, will be cumulative but will not earn additional coupon (i.e. there will be no compounding);

(e) The Perpetual Securities is unrated and is secured over an investment property, specific debenture and assignment over escrow bank account of the Group; and

(f) Payment to holders of Perpetual Securities will rank:

- (i) ahead of any class of the Company's share capital, including, without limitation, any preference shares and ordinary shares in the capital of the Company;
- (ii) any other instruments or securities issued, entered into or guaranteed by the Company, whether by its terms or by operation of law, ranks in right of payment behind the claims of unsecured or unsubordinated obligations of the Company; and
- (iii) upon the security pledged being exhausted and Perpetual Securities are still outstanding, rank pari passu, without discrimination, preference or priority among themselves and rank at least pari passu with all other present and future unsecured, unconditional and unsubordinated obligations of the Company and with any parity obligations.

During the financial period, the Company recognised coupon payment as distribution to the holders of perpetual securities of RM35,962,309 (31.12.2021: RM24,073,715).

20. LOANS AND BORROWINGS

	Note	Group 30.06.2023 RM	Group 31.12.2021 RM Restated	Company 30.06.2023 RM	Company 31.12.2021 RM
Non-current:					
Secured:					
Term loans	**(a)**	59,884,387	265,689,785	-	-
Sukuk Wakalah	**(b)**	320,289,654	-	320,289,654	-
Hire purchase payables	**(c)**	2,973,431	2,207,981	-	-
		383,147,472	267,897,766	320,289,654	-
Current:					
Secured:					
Term loans	**(a)**	246,809,484	62,038,539	-	-
Hire purchase payables	**(c)**	3,037,763	2,446,371	-	-
Revolving credits	**(d)**	226,843,010	414,897,925	-	-
Bank overdrafts (Note 15)	**(e)**	42,406,884	55,118,074	-	-
Bankers' acceptances	**(f)**	6,881,850	4,652,622	-	-
		525,978,991	539,153,531	-	-
Total loans and borrowings					
Term loans	**(a)**	306,693,871	327,728,324	-	-
Sukuk Wakalah	**(b)**	320,289,654	-	320,289,654	-
Hire purchase payables	**(c)**	6,011,194	4,654,352	-	-
Revolving credits	**(d)**	226,843,010	414,897,925	-	-
Bank overdrafts (Note 15)	**(e)**	42,406,884	55,118,074	-	-
Bankers' acceptances	**(f)**	6,881,850	4,652,622	-	-
		909,126,463	807,051,297	320,289,654	-

20. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans

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

	Repayment terms	Interest rate	Security	Amounts outstanding 30.06.2023 RM	31.12.2021 RM
(i)	Repayable by 168 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM11,933, 49th to 84th instalment of RM14,709 and 85th to 167th instalment of RM14,709 and 168th installment of RM3,891,675	1.5% above bankers' cost of funds	Legal charge over certain investment properties of the Group*	4,433,969	4,747,159
(ii)	Repayable by 168 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM107,401, 49th to 167th instalment of RM132,377 and 168th instalment of RM35,025,069	1.5% above bankers' cost of funds	Legal charge over certain investment properties of the Group*	39,904,588	42,724,039
(iii)	Repayable by 168 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM11,933, 49th to 167th instalment of RM14,708 and 168th instalment of RM3,891,675	1.5% above bankers' cost of funds	Legal charge over certain investment properties of the Group*	4,450,602	4,715,357
(iv)	Repayable by 168 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM107,401, 49th to 167th instalment of RM132,377 and 168th instalment of RM35,025,069	1.5% above bankers' cost of funds	Legal charge over certain investment properties of the Group*	40,055,411	42,438,205
(v)	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*	13,171,121	14,674,771

20. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans (Continued)

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

	Repayment terms	Interest rate	Security	Amounts outstanding 30.06.2023 RM	31.12.2021 RM
(vi)	Repayable by 60 equal instalments of RM182,487 commencing on the 1st month from the date of first drawdown	8% flat rate	Legal charge over certain investment properties of the Group*	-	1,062,747
(vii)	Repayable by 84 equal instalments of RM415,058 (2021: RM415,058) commencing on the 1st month from the date of first drawdown	1.25% above bankers' cost of funds	Legal charge over certain land held for development and inventories of the Group*	1,660,232	9,131,274
(viii)	Repayable by 7 equal instalments of RM6,125,000 commencing in 2022 (2021: repayable by a reduction schedule and/or redemption of commercial units and residential units under the proposed Desa Sri Hartamas project)	2.0% above bankers' cost of funds	Legal charge over certain joint development land of the Group*	32,501,322	45,492,013
(ix)	Repayable by 8 equal instalments of RM4,500,000 commencing in quarter 2 of 2022 (2020: repayable by a reduction schedule and/or redemption of commercial units and residential units under the proposed Desa Sri Hartamas project)	2.0% above bankers' cost of funds	Legal charge over certain joint development land of the Group*	28,187,810	35,979,903
(x)	Repayable by 120 monthly instalments of RM400,000 commencing from the date of first drawdown to 24th instalments, 25th to 48th instalments of RM600,000, 49th to 72th instalments of RM800,000, instalments of RM1,000,000, 97th to 119th instalments of RM1,200,000 and 120th instalments of RM65,200,000; or by way of redemption, whichever is earlier	1.5% above bankers' cost of funds	Legal charge over certain investment properties of the Group*	90,908,996	117,112,589

20. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans (Continued)

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

Repayment terms	Interest rate	Security	Amounts outstanding 30.06.2023 RM	31.12.2021 RM
(xi) Repayable by 84 equal instalments of RM166,216 commencing on the 1st month from the date of first drawdown	7.75% flat rate	Legal charge over certain investment properties of the Group*	7,673,942	9,650,267
(xii) Repayable by 35 equal principal instalments of RM1,388,889 commencing on the first day of the 25th month after the date of the first drawdown and to be concurrent with the interest payment date or by way of redemption, whichever is earlier	1.75% above bankers' cost of funds	Legal charge over a joint development land of the Group*	35,706,215	-
(xiii) Repayable by 23 equal principal instalments of RM417,000 commencing on the first day of the 37th month after the date of the first drawdown and to be concurrent with the interest payment date or by way of redemption, whichever is earlier	1.75% above bankers' cost of funds	Legal charge over a joint development land of the Group*	8,039,663	-
			306,693,871	327,728,324

* *The term loans are guaranteed by the Company.*

The term loans of the Group bear interest at rates ranging from 3.61% to 8.00% (2021: 3.77% to 8.00%) per annum.

Term loans with carrying amount of RM188,005,002 (2021: RM Nil) have been classified as current liabilities in view of the proposed disposals as disclosed in Note 38 are expected to be completed within the next financial year.

20. LOANS AND BORROWINGS (CONTINUED)

(b) Sukuk Wakalah

	Group		Company	
	30.06.2023 RM	31.12.2021 RM	30.06.2023 RM	31.12.2021 RM
Sukuk Wakalah at nominal value	323,000,000	-	323,000,000	-
Debts issuance cost of Sukuk Wakalah	(2,710,346)	-	(2,710,346)	-
	320,289,654	-	320,289,654	-

On 28 February 2022, the Company issued Sukuk Wakalah in aggregate of RM323 million, with tenure of 3 years and 5 years, which will be due on 28 February 2025 and 26 February 2027.

The net proceeds raised will be utilised by the Company for the following Shariah compliant purposes in the following order of priority:

(i) repayment of existing financing/borrowings to unencumber the Secured Properties;
(ii) defraying fees, costs and expenses in relation to the issuance of the Sukuk Wakalah and Sukuk Wakalah Programme;
(iii) capital expenditure and/or investments (comprising the purchase of land(s), building(s), Shariah-compliant shares, property and/or payment into joint ventures) of the Company, its group of companies and/or any of the security providers for the Sukuk Wakalah;
(iv) working capital of the Company and/or its group of companies;
(v) refinancing of existing financing/borrowings of the Company or its group of companies;
(vi) general corporate purposes of the Company and/or its group of companies; and/or
(vii) inter-company advances between the Company and its group of companies.

The Sukuk Wakalah bears interest at rates ranging from 5.50% to 5.90% (2021: Nil) per annum and is secured by way of legal charge over land held for future development.

(c) Hire purchase payables

Plant and machineries of the Group as disclosed in Note 6 to the financial statements are pledged under hire purchase arrangement. The hire purchase payables of the Group bear interest at rates ranging from 2.13% to 3.35% (31.12.2021: 2.13% to 5.76%) per annum.

20. LOANS AND BORROWINGS (CONTINUED)

(d) Revolving credits

The revolving credits of the Group bear interest at rates ranging from 2.40% to 7.20% (31.12.2021: 2.40% to 5.00%) per annum and are secured by way of:

(i) legal charges over certain property, plant and equipment, investment properties, land held for property development and inventories of the subsidiaries; and

(ii) corporate guarantee from the Company.

During the financial period, monthly limit reduction over a three-year period effective January 2023 on revolving credits with outstanding amount of RM137,041,205 as at 30 June 2023 was imposed on the Group.

Subsequent to the end of the financial period, monthly limit reduction over a two-year period effective September 2023 on revolving credits with outstanding amount of RM20,052,533 as at 30 June 2023 was imposed on the Group.

(e) Bank overdrafts

Bank overdrafts of the Group bear interest at rates ranging from 6.00% to 7.58% (31.12.2021: 3.19% to 7.58%) per annum and are secured by way of:

(i) legal charges over certain property, plant and equipment, investment properties and inventories of the subsidiaries; and

(ii) corporate guarantee from the Company.

(f) Bankers' acceptances

The bankers' acceptances of the Group bear interest at rate of 6.50% (31.12.2021: 4.52% to 4.60%) per annum and are secured by corporate guarantee from the Company.

21. LEASE LIABILITIES

	Group	
	30.06.2023	**31.12.2021**
	RM	**RM**
		Restated
Current		
Lease liabilities	4,153,007	84,256

The weighted average incremental borrowing rate applied to the lease liabilities was 5.50% (31.12.2021: 5.50%) per annum.

21. LEASE LIABILITIES (CONTINUED)

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group 30.06.2023 RM	31.12.2021 RM Restated
Minimum lease payments:		
Not later than one year	4,247,474	84,256
Later than one year and not later than 5 years	-	-
	4,247,474	84,256
Less: Future finance charges	(94,467)	-
Present value of minimum lease payments	4,153,007	84,256
Present value of minimum lease payments payable:		
Not later than one year	4,153,007	84,256
Later than one year and not later than 5 years	-	-
	4,153,007	84,256
Less: Amount due within 12 months	(4,153,007)	(84,256)
Amount due after 12 months	-	-

22. PROVISION

	Group 30.06.2023 RM	31.12.2021 RM
Rectification work		
At 1 January	277,887	479,390
Recognised in profit or loss (Note 28)	475,315	120,905
Utilised during the financial period	(617,823)	(322,408)
At 30 June 2023/31 December 2021	135,379	277,887
Current	135,379	277,887

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% (31.12.2021: 0.2%) on the total contracted sum of completed contracts.

23. TRADE AND OTHER PAYABLES

	Note	Group 30.06.2023 RM	Group 31.12.2021 RM	Company 30.06.2023 RM	Company 31.12.2021 RM
Current:					
Trade					
Trade payables	**(a)**	65,742,982	73,242,450	-	-
Non-trade					
Other payables	**(b)**	95,206,641	133,203,039	639,650	319,985
GST payable		44,347	75,516	-	-
SST payable		48,942	8,386	-	-
Deposits	**(c)**	25,666,772	24,698,341	-	-
Accruals		41,258,349	18,045,016	6,221,178	35,034
Amount owing to a director	**(d)**	785,497	683,871	65,944	12,944
Amount owing to subsidiaries	**(d)**	-	-	271,930,335	163,826,679
		163,010,548	176,714,169	278,857,107	164,194,642
Total trade and other payables		228,753,530	249,956,619	278,857,107	164,194,642

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 14 to 90 days (31.12.2021: 14 to 90 days).

Included in trade payables of the Group are amounts of:

(i) RM10,250 (31.12.2021: RM10,250) owing to companies related to certain directors of the Company which are under normal credit terms; and

(ii) RM3,027,561 (31.12.2021: RM6,153,673) being retention sums held by the Group. The retention sums which are payable upon expiry of defect liability period as provided in the contracts with contractors are expected to be settled as follows:

	Group 30.06.2023 RM	Group 31.12.2021 RM
Within one year	-	3,093,085
Later than one year	3,027,561	3,060,588
	3,027,561	6,153,673

23. TRADE AND OTHER PAYABLES (CONTINUED)

(b) Other payables

Included in other payables of the Group are:

(i) RM9,414,531 (31.12.2021: RM15,855,696) unsecured advances which are owing to companies in which certain directors of the Company have significant financial interest. The amounts owing are non-interest bearing, have no fixed term of repayment and are expected to be settled in cash;

(ii) RM68,723 (31.12.2021: RM2,108,846) landowners' entitlement pursuant to the joint venture agreements entered into with the landowners;

(iii) RM3,025,543 (31.12.2021: RM1,271,290) unsecured advances which are owing to persons related to certain directors of the Company. The amounts owing are non-interest bearing, have no fixed term of repayment and is expected to be settled in cash;

(iv) RM43,500,000 (31.12.2021: RM58,500,000) due to a third-party following revocation of land sales in previous financial years; and

(v) RM8,096,677 (31.12.2021: RM21,632,265) of guarantee rental return ("GRR") in which amounts of RM Nil (2021: RM9,436,507) are owing to certain directors and persons related to certain directors of the Group.

Included in other payables of the Company are:

(i) RM Nil (31.12.2021: RM300,006) unsecured advances which are owing to a company in which certain directors of the Company have significant financial interest. The amounts owing are non-interest bearing, have no fixed term of repayment and are expected to be settled in cash; and

(ii) RM12,080 (31.12.2021: RM12,080) unsecured advances which are owing to person related to certain directors of the Company. The amounts owing are non-interest bearing, have no fixed term of repayment and is expected to be settled in cash.

(c) Deposits

Included in deposits of the Group are rental and other related deposits amounting to RM12,267,820 (31.12.2021: RM10,336,381).

(d) Accruals

Included in accruals of the Group and of the Company are interest accrued amounting to RM6,165,178 (31.12.2021:RM Nil).

(e) Amounts owing to a director and subsidiaries

The amounts owing to a director and subsidiaries of the Company are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 32(b)(ii) to the financial statements.

24. CONTRACT LIABILITIES

	Group 30.06.2023 RM	Group 31.12.2021 RM
Contracts liabilities relating to property development	41,458,502	95,415,720
Advances from customers relating to utility charges	4,052,678	378,406
Total contract liabilities	45,511,180	95,794,126

(a) Significant changes in contract balances

	Group 30.06.2023 Contract liabilities Increase/(decrease) RM	Group 31.12.2021 Contract liabilities Increase/(decrease) RM
Revenue recognised that was included in contract liability at the beginning of the financial year	(72,254,046)	(97,788,417)
Increase due to progress billings or cash received for work yet to be performed	21,971,100	52,920,402

25. REVENUE

	Group		Company	
	30.06.2023 RM	31.12.2021 RM	30.06.2023 RM	31.12.2021 RM
Revenue from contract customers:				
Properties held for development	47,576,812	16,060,211	-	-
Properties under development	75,904,850	164,654,769	-	-
Completed properties	117,029,902	14,485,893	-	-
Construction contracts	8,092,037	5,056,137	-	-
Income from estates	5,439,918	4,122,718	-	-
Room sales, food and beverages	11,822,328	7,296,030	-	-
Sale of electricity and other operations	15,769,010	6,793,983	-	-
Project management consultant	1,962,892	-	-	-
	283,597,749	218,469,741	-	-
Revenue from other sources:				
Rental income from:				
- properties	22,690,556	12,204,630	-	-
- plant and machinery	1,228,692	603,538	-	-
- dividend income	-	-	42,300,000	-
	23,919,248	12,808,168	42,300,000	-
	307,516,997	231,277,909	42,300,000	-

25. REVENUE (CONTINUED)

(a) Disaggregation of revenue

The Group reports the following segments: property development and hotel & hospitality in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure of disaggregation of revenue, it disaggregates revenue into major goods or services and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Property development RM	Hotel & hospitality RM	Total RM
Group - Financial period ended 30 June 2023			
Major goods or services:			
Sale of properties held for development	47,576,812	-	47,576,812
Properties under development	75,904,850	-	75,904,850
Sale of completed properties	117,029,902	-	117,029,902
Construction services	8,092,037	-	8,092,037
Income from estates	5,439,918	-	5,439,918
Room sales, food and beverages	-	11,822,328	11,822,328
Sale of electricity and other operations	15,769,010	-	15,769,010
Project management consultant	1,962,892	-	1,962,892
	271,775,421	11,822,328	283,597,749
Timing of revenue recognition:			
At a point in time	170,046,632	11,822,328	181,868,960
Over time	101,728,789	-	101,728,789
	271,775,421	11,822,328	283,597,749
Group - Financial year ended 31 December 2021			
Major goods or services:			
Sale of properties held for development	16,060,211	-	16,060,211
Properties under development	164,654,769	-	164,654,769
Sale of completed properties	14,485,893	-	14,485,893
Construction services	5,056,137	-	5,056,137
Income from estates	4,122,718	-	4,122,718
Room sales, food and beverages	-	7,296,030	7,296,030
Sale of electricity and other operations	6,793,983	-	6,793,983
	211,173,711	7,296,030	218,469,741
Timing of revenue recognition:			
At a point in time	34,668,822	7,296,030	41,964,852
Over time	176,504,889	-	176,504,889
	211,173,711	7,296,030	218,469,741

25. REVENUE (CONTINUED)

(b) Transaction price allocated to the remaining performance obligations

As of 30 June 2023, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM164,419,054 (31.12.2021: RM36,932,429) and the Group will recognise this revenue as the properties or construction are completed, which is expected to occur over the next 3 years.

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and accordingly, does not disclose information about remaining performance obligations that have original expected duration of 1 year or less.

26. COST OF SALES

	Group	
	30.06.2023 RM	31.12.2021 RM
Cost of properties held for development sold	6,588,274	3,542,131
Cost of properties under development	36,135,021	84,114,157
Cost of completed properties sold	74,215,322	8,723,898
Cost of construction services	8,449,253	3,028,550
Cost of electricity	14,660,390	5,315,552
Cost of estates	1,136,830	1,278,687
Hotel and other operation costs:		
- expense relating to variable lease payments not included in the measurement of lease liabilities	-	214,060
- others	15,757,469	10,108,908
	156,942,559	116,325,943

27. FINANCE COSTS

	Group		Company	
	30.06.2023 RM	31.12.2021 RM	30.06.2023 RM	31.12.2021 RM
Interest expense on:				
- Sukuk Wakalah	24,610,178	-	24,610,178	-
- term loans	27,286,577	16,670,385	-	-
- revolving credits	19,909,366	13,700,447	-	-
- bank overdrafts	4,421,809	3,092,366	-	-
- hire purchase payables	568,188	397,486	-	-
- lease liabilities	373,114	2,708	-	-
- amortisation of transaction costs of loan and borrowings	1,227,932	-	1,227,932	-
	78,397,164	33,863,392	25,838,110	-

28. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

		Group		Company	
		30.06.2023	**31.12.2021**	**30.06.2023**	**31.12.2021**
	Note	**RM**	**RM**	**RM**	**RM**
Auditors' remuneration					
- statutory audit					
- current year		1,068,000	336,000	418,000	87,000
- prior year		15,089	27,724	5,000	2,750
- non-statutory audit		40,000	14,000	20,000	8,000
Depreciation of investment properties		4,858,701	4,952,586	-	-
Depreciation of property, plant and equipment		4,222,764	5,980,708	-	-
Depreciation of right-of-use assets		5,060,163	600,672	-	-
Direct operating expenses:					
- income generating investment properties		1,719,952	1,607,545	-	-
- non-income generating investment properties		858,108	577,645	-	-
Employee benefits expense (Note 29)		49,959,907	35,395,114	-	-
Expense relating to lease of low value assets		66,533	51,622	-	-
Expense relating to short-term leases		4,348,636	2,525,896	-	-
Expense relating to variable lease payments not included in the measurement of lease liabilities		372,868	235,600	-	-
Inventories written down		1,934,239	-	-	-
Impairment losses on:					
- right-of-use assets	**6**	1,809,846	-	-	-
- investment properties	**7**	1,092,236	-	-	-
- trade receivables arising from contract with customers	**13**	881,753	166	-	-
- lease receivables	**13**	-	1,299,572	-	-
- other receivables	**13**	5,572,430	-	-	-
- amount owing by subsidiaries	**13**	-	-	-	15,941,421
- investment in subsidiaries	**10**	-	-	16,858,705	1,500,000

28. PROFIT/(LOSS) BEFORE TAX (CONTINUED)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax (Continued):

		Group		Company	
	Note	**30.06.2023 RM**	**31.12.2021 RM**	**30.06.2023 RM**	**31.12.2021 RM**
Non-executive directors' remuneration (Note 34)		466,898	303,838	466,898	303,238
Property, plant and equipment written off		758,009	8,403	-	-
Provision for rectification works (Note 22)		475,315	120,905	-	-
Interest income		(172,156)	(408,060)	-	-
Profit from sale of building materials		(370,259)	(141,009)	-	-
(Gain)/Loss on disposal of:					
- property, plant and equipment		(23,352,136)	-	-	-
- investment properties		(10,110,038)	(36,452)	-	-
- right-of-use assets		4,192,549	-	-	-
Rental income on properties		(17,991,302)	(12,515,934)	-	-
Reversal of impairment losses on:					
- trade receivables arising from contract with customers	**13**	(2,359,900)	(413,575)	-	-
- lease receivables	**13**	(485,886)	(32,779)	-	-
- other receivables	**13**	(1,942,310)	(4,734,191)	-	-

29. EMPLOYEE BENEFITS EXPENSE

	Group	
	30.06.2023 RM	**31.12.2021 RM**
Recognised in profit or loss:		
Salaries, bonus and other staff related costs	45,687,705	30,577,944
Employees Provident Fund	4,020,605	4,610,944
SOCSO	251,597	206,226
	49,959,907	35,395,114
Included in employee benefits expenses are:		
Directors' other emoluments	17,752,801	10,097,159

30. INCOME TAX EXPENSE

The major components of income tax expense for the financial period/year are as follows:

	Group		Company	
	30.06.2023 RM	**31.12.2021 RM**	**30.06.2023 RM**	**31.12.2021 RM**
Current tax:				
Current income tax charge	38,667,175	24,150,126	-	-
Adjustment in respect of prior years	(850,033)	139,576	-	-
	37,817,142	24,289,702	-	-
Deferred tax:				
Reversal of temporary differences	(21,557,490)	(11,814,742)	-	-
Adjustment in respect of prior years	474,928	936,524	-	-
	(21,082,562)	(10,878,218)	-	-
Income tax expense recognised in profit or loss	16,734,580	13,411,484	-	-

Income tax is calculated at the Malaysian statutory income tax rate of 24% (Financial year ended 31.12.2021: 24%) of the estimated assessable profit for the financial period.

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

	Group		Company	
	30.06.2023 RM	**31.12.2021 RM**	**30.06.2023 RM**	**31.12.2021 RM**
Profit/(Loss) before tax	20,416,799	34,662,631	(2,215,484)	(18,701,144)
Tax at Malaysian statutory income tax rate of 24% (31.12.2021: 24%)	4,900,000	8,319,000	(531,700)	(4,488,300)
Non-deductible expenses	11,845,935	5,288,000	10,683,700	4,488,300
Non-taxable income	(223,054)	(457,594)	(10,152,000)	-
Income subject to RPGT	(1,171,438)	-	-	-
Utilisation of previously unrecognised deferred tax assets	-	(814,022)	-	-
Deferred tax assets not recognised	1,758,242	-	-	-
Adjustment in respect of prior years:				
- current tax	(850,033)	139,576	-	-
- deferred tax	474,928	936,524	-	-
Income tax expense	16,734,580	13,411,484	-	-

31. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS

Basic loss per share are based on the (loss)/profit for the financial period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding, excluding treasury shares during the financial period, calculated as follows:

	Group	
	30.06.2023	**31.12.2021**
	RM	**RM**
Profit for the financial year attributable to owners of the Company	3,682,219	21,251,147
Less: Distribution to holders of perpetual securities	(35,929,279)	(24,040,685)
Loss attributable to ordinary equity holders of the Company	(32,247,060)	(2,789,538)

	Group	
	30.06.2023	**31.12.2021**
	Units	**Units**
Weighted average number of ordinary shares for basic earnings per share*	528,487,067	528,487,067

	Group	
	30.06.2023	**31.12.2021**
	Sen	**Sen**
Basic loss per ordinary share	(6.10)	(0.53)

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the financial year, if any.

The Group has no dilutive potential ordinary shares. As such, the diluted loss per share is the same as the basic loss per share.

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

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Fair value through profit or loss ("FVPL")
(ii) Amortised cost

	Carrying amount RM	FVPL RM	Amortised cost RM
At 30 June 2023			
Financial assets			
Group			
Trade and other receivables #	72,557,390	-	72,557,390
Cash and short-term deposits	37,284,256	605,721	36,678,535
	109,841,646	605,721	109,235,925
Company			
Trade and other receivables #	17,998,141	-	17,998,141
Cash and short-term deposits	3,672,613	-	3,672,613
	21,670,754	-	21,670,754
At 30 June 2023			
Financial liabilities			
Group			
Loans and borrowings	909,126,463	-	909,126,463
Trade and other payables #	228,660,241	-	228,660,241
	1,137,786,704	-	1,137,786,704
Company			
Loans and borrowings	320,289,654	-	320,289,654
Trade and other payables	278,857,107	-	278,857,107
	599,146,761	-	599,146,761

32. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned (Continued):

(i) Fair value through profit or loss ("FVPL")
(ii) Amortised cost

	Carrying amount RM	FVPL RM	Amortised cost RM
At 31 December 2021			
Financial assets			
Group			
Trade and other receivables #	95,774,350	-	95,774,350
Cash and short-term deposits	34,149,859	14,641	34,135,218
	129,924,209	14,641	129,909,568
Company			
Trade and other receivables #	5,037,213	-	5,037,213
Cash and short-term deposits	87,546	-	87,546
	5,124,759	-	5,124,759
Financial liabilities			
Group			
Loans and borrowings	807,051,297	-	807,051,297
Trade and other payables #	249,872,717	-	249,872,717
	1,056,924,014	-	1,056,924,014
Company			
Trade and other payables	164,194,642	-	164,194,642

\# *excluding GST refundable, GST payable and SST payable*

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of 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 Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk primarily arises from its trade receivables and contract assets whilst the Company's exposure to credit risk primarily arises from amount owing by subsidiaries. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures for material contracts.

Trade receivables and contract assets

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

In respect of trade receivables from sale of properties, the Group mitigates its credit risk by retaining legal title to all properties sold until the full contracted sales value is settled. Security deposits are collected and held as collateral by the Group to mitigate credit risk of lease receivables from tenants of properties.

At the reporting date, the Group did not have any significant concentration of credit risk that may arise from exposure to a single customer or to a group of customers other than amounts owing by certain directors and person connected to these directors, representing 13% (2021: 24%) of total trade receivables.

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss ("ECL") allowance for all trade receivables and contract assets. The determination of ECL also incorporates economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivables. The Group believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

<u>Credit risk concentration profile</u>

The information about the credit risk exposure on the Group's trade receivables and contract assets as at 30 June 2023 and 31 December 2021 are as follows:

	Gross carrying amount RM	ECL allowance RM	Net balance RM
Group			
At 30 June 2023			
Trade receivables			
Current (not past due)	19,026,145	-	19,026,145
1 to 30 days past due	2,238,622	-	2,238,622
31 to 60 days past due	1,097,471	-	1,097,471
61 to 90 days past due	630,440	-	630,440
91 to 120 days past due	1,514,394	-	1,514,394
121 to 150 days past due	1,048,428	-	1,048,428
More than 151 days past due	33,170,000	-	33,170,000
Credit impaired:			
- Individually assessed	10,195,923	(10,195,923)	-
	68,921,423	(10,195,923)	58,725,500

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets as at 30 June 2023 and 31 December 2021 are as follows (Continued):

	Gross carrying amount RM	ECL allowance RM	Net balance RM
Group (Continued)			
At 31 December 2021			
Trade receivables			
Current (not past due)	16,698,201	-	16,698,201
1 to 30 days past due	3,479,563	-	3,479,563
31 to 60 days past due	2,535,463	-	2,535,463
61 to 90 days past due	3,619,168	-	3,619,168
91 to 120 days past due	2,185,370	-	2,185,370
121 to 150 days past due	14,232,462	-	14,232,462
More than 151 days past due	42,861,387	-	42,861,387
Credit impaired:			
- Individually assessed	11,905,537	(11,905,537)	-
	97,517,151	(11,905,537)	85,611,614

Other receivables and other financial assets

For other receivables and other financial assets (including cash and short-term deposits, and amount owing by subsidiaries), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

The cash and cash equivalents of the Group and of the Company are held with licensed financial institutions with high credit ratings.

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Other receivables and other financial assets (Continued)

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries in determining the recoverability of intercompany balances. The advances to subsidiaries are repayable on demand. For such advances, expected credit losses are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the subsidiary does not have sufficient liquid reserves when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the advances.

Other than the credit-impaired other receivables, the Group and the Company consider these financial assets to have low credit risk. As at the reporting date, the Group and the Company determine that any loss allowance for impairment for other receivables and other financial assets, other than those as disclosed in Note 13 to the financial statements, would not be material.

Refer to Note 3.12(a) to the financial statements for the Group’s and the Company’s other accounting policies for impairment of financial assets.

Financial guarantees

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM588,836,809 (31.12.2021: RM807,051,297) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 32(b)(ii) to the financial statements. As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to the subsidiaries’ secured borrowings.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company’s exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group’s and the Company’s exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

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 facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group’s and the Company’s finance department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

During the financial period ended 30 June 2023, as disclosed in Note 20 to the financial statements, certain revolving credits of the Group are subject to monthly limit reduction over a two to three-year period. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The Group has unutilised bank facilities in which the Group is able to utilise these facilities to finance its working capital and/or other funding requirements. There is no restriction under the terms of the facilities for such intended purposes. The Group may also consider sale of or further pledged its development land to secure additional funding to meet its liquidity requirements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

	Carrying amount RM	I-------------------- Contractual cash flows --------------------I On demand or within one year RM	Between one to five years RM	More than five years RM	Total RM
Group					
At 30 June 2023					
Trade and other payables	228,660,241	228,660,241	-	-	228,660,241
Term loans	306,693,871	285,753,712	68,502,435	-	354,256,147
Hire purchase payables	6,011,194	3,365,983	2,944,926	-	6,310,909
Sukuk Wakalah	320,289,654	18,194,984	354,907,364	-	373,102,348
Lease liabillities	4,153,007	4,549,310	-	-	4,549,310
Revolving credits	226,843,010	238,190,019	-	-	238,190,019
Bank overdrafts	42,406,884	42,406,884	-	-	42,406,884
Bankers' acceptances	6,881,850	6,881,850	-	-	6,881,850
	1,141,939,711	828,002,983	426,354,725	-	1,254,357,708

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

Maturity analysis (Continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows (Continued):

	Carrying amount RM	I-------------------- Contractual cash flows --------------------I On demand or within one year RM	Between one to five years RM	More than five years RM	Total RM
Group (Continued)					
At 31 December 2021					
Trade and other payables	249,872,717	249,872,717	-	-	249,872,717
Term loans	327,728,324	69,971,321	227,467,577	83,074,202	380,513,100
Hire purchase payables	4,654,352	2,446,371	2,854,757	-	5,301,128
Lease liabillities	84,256	84,256	-	-	84,256
Revolving credits	414,897,925	416,095,336	-	-	416,095,336
Bank overdrafts	55,118,074	55,118,074	-	-	55,118,074
Bankers' acceptances	4,652,622	4,652,622	-	-	4,652,622
	1,057,008,270	798,240,697	230,322,334	83,074,202	1,111,637,233
Company					
At 30 June 2023					
Trade and other payables	278,857,107	278,857,107	-	-	278,857,107
Sukuk Wakalah	320,289,654	18,194,984	354,907,364	-	373,102,348
Financial guarantee contracts	-	588,836,809	-	-	588,836,809
	599,146,761	885,888,900	354,907,364	-	1,240,796,264
At 31 December 2021					
Trade and other payables	164,194,642	164,194,642	-	-	164,194,642
Financial guarantee contracts	-	807,051,297	-	-	807,051,297
	164,194,642	971,245,939	-	-	971,245,939

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their loans and borrowings with floating interest rates.

The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Interest rate risk (Continued)

The interest rate profile of the Group's financial liabilities, based on carrying amounts as at the end of the financial period are as follows:

	Group		Company	
	30.06.2023 RM	**31.12.2021 RM**	**30.06.2023 RM**	**31.12.2021 RM**
Fixed rate instrument				
Loans and borrowings	333,974,790	15,367,366	320,289,654	-
Floating rate instrument				
Loans and borrowings	575,151,673	791,683,931	-	-
	909,126,463	807,051,297	320,289,654	-

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial period.

	Group		
	Change in basis points %	**Effect on profit for the financial year RM**	**Effect on equity RM**
30 June 2023	25	(1,065,100)	(1,065,100)
	(25)	1,065,100	1,065,100
31 December 2021	25	(1,475,000)	(1,475,000)
	(25)	1,475,000	1,475,000

(c) Fair value measurement

The carrying amounts of cash and short-term deposits, short-term receivables and payables and short-term borrowings are reasonable approximation to their fair values due to the relatively short-term nature of these financial instruments. The carrying amounts of long-term floating rate loans are reasonable approximation of fair value as these loans will be re-priced to market interest rates.

The fair value of the short-term fund is determined by reference to the redemption price at the reporting date.

The fair value of fixed rate loans, hire purchase payables and Sukuk Wakalah was estimated by discounting future cash flows using lending rate for similar type of arrangement.

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value measurement

As at 30 June 2023 and 31 December 2021, the Group held the following financial asset carried at fair value:

	Carrying amount RM	Fair value of financial instruments carried at fair value: Fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Fair value of financial instruments not carried at fair value: Fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group									
At 30 June 2023									
Financial asset									
Cash and short-term deposits Short term fund - redeemable at call	605,721	605,721	-	-	605,721	-	-	-	-
Financial liabilities									
Fixed rate loan	(7,673,942)	-	-	-	-	-	-	(7,627,989)	(7,627,989)
Hire purchase payables	(6,011,194)	-	-	-	-	-	-	(5,912,650)	(5,912,650)
Sukuk Wakalah	(320,289,654)	-	-	-	-	-	-	(320,289,654)	(320,289,654)
At 31 December 2021									
Financial asset									
Cash and short-term deposits Short term fund - redeemable at call	14,641	14,641	-	-	14,641	-	-	-	-
Financial liabilities									
Fixed rate loan	(10,713,014)	-	-	-	-	-	-	(10,292,665)	(10,292,665)
Hire purchase payables	(4,654,352)	-	-	-	-	-	-	(5,038,932)	(5,038,932)

Asset measured at fair value

There have been no transfers between Level 1 and Level 2 during the financial period (2021: no transfer in either directions).

33. COMMITMENTS

Operating lease commitments – as lessor

The Group leases its properties which are freehold land with shopping complexes and a school building with non-cancellable lease terms of 10 years. The lease may be renewed for a further 3 terms or 5 years each and contains a clause to enable upward revision on each renewal.

Future minimum rental receivable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	30.06.2023 RM	31.12.2021 RM
Not later than one year	6,181,170	8,668,913
More than one year and not later than five years	2,500	-
	6,183,670	8,668,913

34. RELATED PARTIES

(a) Identity of related parties

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

Related parties of the Group include:

(i) Subsidiaries;
(ii) Entities in which directors have substantial financial interest;
(iii) Persons related to directors; and
(iv) Key management personnel of the Group's, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly and indirectly.

34. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

(Received and receivable from)/ Paid and payable to related parties		**Group 30.06.2023 RM**	**Group 31.12.2021 RM**
Directors related companies/firm	**Transactions**		
Various Promotion Sdn. Bhd.	Purchase of construction materials	-	199,975
	Estate maintenance	1,337	-
	Estate weedkillers & fertiliser	89,033	-
Rapid Synergy Bhd.	Rental of properties	499,590	333,060
	Sales of material	-	(40,679)
Kar Sin Hardware Sdn. Bhd.	Rental of equipment and transportation cost	2,729,007	2,733,855
Kar Sin Ready Mix Sdn. Bhd.	Purchase of construction materials	-	455,461
	Sale of wages	(25,064)	-
	Rental of machinery	(282,000)	(60,000)
N.A.B. Holdings Sdn. Bhd.	Rental of equipment and transportation cost	168,480	112,320
Mutual Boundary Sdn. Bhd.	Wages back charged	(2,608)	(3,422)
	Rental payable	289,582	201,515
Yu & Associates	Legal services	2,256,126	3,129,270
	Rental income of office premise	-	(36,000)

34. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions (Continued)

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows (Continued):

		Group	
(Received and receivable from)/ Paid and payable to related parties		**30.06.2023 RM**	**31.12.2021 RM**
Directors related companies/firm	**Transactions**		
Caldera Machinery Sdn. Bhd.	Rental of equipment	677,194	7,987
	Purchase of machinery	439,920	-
	Rental income of equipment	(126,196)	(147,975)
Kar Sin Premium Sdn. Bhd.	Broker fee paid	477,527	(336,000)
	Rental income of properties	(504,000)	-
Kar Sin Success Sdn. Bhd.	Rental income of properties	(247,484)	-
	Professional fee on rental	140,762	-
Halim & Yu Sdn. Bhd.	Billings in relation to room sales, food and beverages	(70,366)	(18,082)
Caldera Construction Sdn. Bhd.	Rental income of equipment	(354,510)	(158,801)
	Sale of wages	(315,672)	-
	Transportation cost	30,500	-
Good Intensive Sdn. Bhd.	Sale of construction materials	-	(7,970)
	Wages paid	10,523	-
Six Pack Fitness Sdn. Bhd.	Rental income of properties	(110,000)	-
	Sale of materials	-	(202,800)
Simbolik Tuah Sdn. Bhd.	Billings in relation to sale of properties	(20,503,000)	-
Teh & Yu Associate	Legal services	804,258	436,540
	Rental income	(36,000)	-
The Ark Event Sdn Bhd	Rental income of properties	(43,940)	-
Tanah Trio Sdn. Bhd.	Rental income of properties	-	(60,374)
Zillion Gain Sdn. Bhd.	Sales of material	-	(294,807)

34. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions (Continued)

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows (Continued):

		Group 30.06.2023 RM	Group 31.12.2021 RM
Directors			
- directors	Billings in relation to sale of properties	(50,626,667)	(6,335,634)
- persons related to directors	Billings in relation to sale of properties	(13,142,000)	-
	Employee benefits	7,246,919	7,142,809

<u>Companies related to directors:</u>

(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.

(iii) Yu & Associates is a solicitor firm owned by a 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 substantial shareholder and non-independent non-executive director.

(v) Various Promotion Sdn. Bhd. is a company owned by the spouse and the son of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.

(vi) Halim & Yu Sdn. Bhd. is a company owned by Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT and his spouse.

(vii) Mutual Boundary Sdn. Bhd. is a company owned by the sons of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.

(viii) Caldera Machinery Sdn. Bhd. is a company owned by the daughter and son-in-law of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT owns 50% equity interest.

(ix) Kar Sin Premium Sdn. Bhd. is a company owned by the daughters of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.

(x) Pearl Total Sdn. Bhd. is a company owned by the daughters of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.

(xi) Six Pack Fitness Sdn. Bhd. is a company owned by Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.

(xii) Kar Sin Power Sdn. Bhd. is a company owned by Dato' Yu Kuan Chon, DIMP, PPT, MBBS and his spouse.

34. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions (Continued)

Companies related to directors (Continued):

(xiii) Kar Sin Hardware Sdn. Bhd. is a company in which Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT holds 85% equity interest.

(xiv) Good Intensive Sdn. Bhd. is a company in which the sister-in-law of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT and Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS, holds 70% equity interest.

(xv) Caldera Construction Sdn. Bhd. is a company owned by the son-in-law of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.

(xvi) Tanah Trio Sdn. Bhd. is a company in which the son of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT owns 60% equity interest.

(xvii) Simbolik Tuah Sdn. Bhd. is a company owned by Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT and Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS.

(xviii) Teh & Yu Associate is a solicitor firm owned by the daughter of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.

(xix) Zillion Gain Sdn. Bhd. is a company owned by Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT and Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS.

(xx) Kar Sin Success Sdn. Bhd. is a company owned by the sons of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.

(xxi) The Ark Event Sdn. Bhd. is a company owned by the son of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.

(xxii) N.A.B Holdings Sdn. Bhd. is a company in which Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT holds 75% equity interest.

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 the sale of properties under development and completed properties.

Information regarding outstanding balances arising from related party transactions as at the reporting date is disclosed in Notes 13 and 23 to the financial statements.

34. RELATED PARTIES (CONTINUED)

(c) Compensation of key management personnel

	Group		Company	
	30.06.2023 RM	31.12.2021 RM	30.06.2023 RM	31.12.2021 RM
Executive:				
Salaries and other emoluments	17,337,098	8,485,008	-	-
Employees Provident Fund	415,703	1,612,151	-	-
Total executive directors' remuneration (excluding benefits-in-kind) (Note 29)	17,752,801	10,097,159	-	-
Estimated monetary value of benefits-in-kind	7,951	-	-	-
Total executive directors' remuneration (including benefits-in-kind)	17,760,752	10,097,159	-	-
Non-executive:				
Fees	235,640	152,830	235,640	152,830
Other emoluments	231,258	151,008	231,258	151,008
Total non-executive directors' emoluments (Note 28)	466,898	303,838	466,898	303,838
	18,227,650	10,400,997	466,898	303,838

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio 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 shareholders, share buyback, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial period/year ended 30 June 2023 and 31 December 2021.

35. CAPITAL MANAGEMENT (CONTINUED)

The Group monitors capital using gearing ratio. The gearing ratio is calculated as total debts (including trade and other payables, and lease liabilities) divided by total equity. The gearing ratio as at 30 June 2023 and 31 December 2021 are as follows:

		Group	
		30.06.2023	**31.12.2021**
	Note	**RM**	**RM**
Loans and borrowings	**20**	909,126,463	807,051,297
Lease liabilities	**21**	4,153,007	84,256
Trade and other payables	**23**	228,753,530	249,956,619
Total debts		1,142,033,000	1,057,092,172
Total equity		1,193,189,072	1,230,060,617
Gearing ratio		96%	86%

The Company and certain of its subsidiaries are required to comply with externally-imposed capital requirements for certain debt-service ratio, debt-to-equity ratio, loan-to-valuation ratio and to maintain certain level of shareholders' equity in respect of their bank borrowings.

36. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group Managing Director ("MD") for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before tax. Group's income taxes are managed on a group basis and are not allocated to operating segments.

The two reportable operating segments are as follows:

(a) Property development segment

The property development segment is in the business of constructing and developing residential and commercial properties. This reportable segment has been formed by aggregating the property 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) Hotel and hospitality segment

Hotel and hospitality segment is the operation of and management of hotels and its related business.

Except as indicated above, no other operating segment has been aggregated to form the above reportable operating segments.

Inter-segment pricing is determined on negotiated basis.

36. SEGMENT INFORMATION (CONTINUED)

	Property development		Hotel and hospitality		Adjustment and elimination		Notes	Per consolidated financial statements	
	30.06.2023 RM	31.12.2021 RM	30.06.2023 RM	31.12.2021 RM	30.06.2023 RM	31.12.2021 RM		30.06.2023 RM	31.12.2021 RM
Revenue:									
External customers	295,694,669	223,981,879	11,822,328	7,296,030	-	-		307,516,997	231,277,909
Inter-segment	-	-	-	-	-	-	A	-	-
	295,694,669	223,981,879	11,822,328	7,296,030	-	-		307,516,997	231,277,909
Results:									
Interest income	172,156	1,167,236	2,007,997	759,176	(2,007,997)	(759,176)	B	172,156	408,060
Depreciation	12,315,073	8,282,093	1,826,555	1,097,253	-	-		14,141,628	9,379,346
Finance costs	77,054,956	33,140,473	1,342,208	722,919	-	-	B	78,397,164	33,863,392
Other non-cash (income)/ expenses	5,801,493	(3,751,499)	-	-	-	-	C	5,801,493	(3,751,499)
Segment profit	17,255,682	29,288,473	3,161,117	5,374,158	-	-		20,416,799	34,662,631
Assets:									
Additions to non-current assets other than financial instruments and deferred tax assets	109,796,088	62,353,941	356,107	57,954	-	-	D	110,152,195	62,411,895
Segment assets	2,313,501,309	2,283,740,815	168,461,083	182,945,242	-	-		2,481,962,392	2,466,686,057
Liabilities:									
Segment total liabilities	1,248,332,462	1,181,914,062	40,440,858	54,711,378	-	-		1,288,773,320	1,236,625,440

36. SEGMENT INFORMATION (CONTINUED)

Notes Reconciliation of reportable segment revenue, interest income/finance costs, other material items and assets are as follows:

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:

	30.06.2023 RM	**31.12.2021 RM**
Inter-segment interest	2,007,997	759,176

C Other material non-cash expenses/income consist of the following items as presented in the respective notes to the financial statements:

	30.06.2023 RM	**31.12.2021 RM**
Property, plant and equipment written off	758,009	8,403
Impairment losses on right-of-use assets	1,809,846	-
Impairment losses on investment properties	1,092,236	-
Impairment losses on trade and other receivables	6,454,183	1,299,738
Provision for rectification works	475,315	120,905
Reversal of impairment loss on trade and other receivables	(4,788,096)	(5,180,545)
	5,801,493	(3,751,499)

D Additions to non-current assets other than financial instruments and deferred tax assets consist of:

	30.06.2023 RM	**31.12.2021 RM**
Inventories- properties held for development	97,500,000	60,987,520
Property, plant and equipment	3,827,967	999,537
Right-of-use assets	8,773,261	4,624
Investment properties	50,967	420,214
	110,152,195	62,411,895

<u>Geographical information</u>

The Group's operates predominantly in Malaysia and hence, no geographical segment is presented.

<u>Information about major customers</u>

There are no single external customers with revenue amounting to 10% or more of the Group's revenue.

37. RETROSPECTIVE RESTATEMENT

In the previous financial year, plant and machinery and motor vehicles under hire purchase arrangement and the related hire purchase payables were classified in right-of-use assets and lease liabilities respectively.

During the financial period, the nature of the hire purchase arrangement was re-assessed, and the plant and machinery and motor vehicles and related hire purchase payables were reclassified as property, plant and equipment and loans and borrowings respectively.

The comparative figures have been reclassified to conform with the current year's presentation. The reclassifications have no effect on the profit, cash flows and loss per share of the Group for the current and previous financial periods.

The effects arising for the reclassifications are as follows:

	As previously reported	Reclassification	As restated
	RM	RM	RM
Statement of Financial Position as at 31 December 2021			
Group			
Assets			
Non-current assets			
Property, plant and equipment	109,376,353	1,515,867	110,892,220
Right-of-use assets	48,888,231	(1,515,867)	47,372,364
Liabilities			
Non-current liabilities			
Loans and borrowings	(265,689,785)	(2,207,981)	(267,897,766)
Lease liabilities	(2,207,981)	2,207,981	-
Current liabilities			
Loans and borrowings	(536,707,160)	(2,446,371)	(539,153,531)
Lease liabilities	(2,530,627)	2,446,371	(84,256)

The above reclassifications did not have material effect on the consolidated statement of financial position of the Company as at 1 January 2021, and accordingly, the statement was not presented.

38. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

(a) On 17 November 2022, the Company announced that:

(i) D'Kiara Place Sdn. Bhd. ("DPSB"), a wholly-owned subsidiary of the Company, intends to enter into a conditional sale and purchase agreement with ALX Asset Berhad for the disposal of 163 Retail Park shopping centre to ALX Asset Berhad for a cash consideration of RM270,500,000; and

(ii) YNH Hospitality Sdn. Bhd., a wholly-owned subsidiary of the Company, and Kar Sin Berhad, the registered proprietor of AEON Seri Manjung holding in trust for YNH Hospitality Sdn. Bhd. and a wholly-owned subsidiary of the Company, intends to enter into a conditional sale of purchase agreement with ALX Asset Berhad for the disposal of AEON Seri Manjung shopping centre and the freehold land on which it is erected on to ALX Asset Berhad for a cash consideration of RM152,000,000.

(Collectively known as the "Proposed Disposals").

On 1 March 2023, the shareholders of the Company approved the Proposed Disposals.

On 4 April 2023, DPSB. executed the sale and purchase agreement for the proposed disposal of 163 Retail Park.

On 3 July 2023, DPSB and ALX Asset Berhad had mutually agreed to extend the fulfilment date of the conditions precedent in the 163 Retail Park SPA until 3 January 2024.

(b) On 1 April 2022, Imbuhan Sempurna Sdn. Bhd. ("ISSB"), the first beneficial owner of the freehold vacant land held under the individual title H.S.(D) 47946 P.T 48632 in the Mukim of Kuala Lumpur ("the Property") and Kar Sin Berhad ("KSB"), a wholly-owned subsidiary of the Company agreed to mutually terminate the Turnkey Construction Agreement where upon ISSB should refund to KSB the security deposit sum of RM239.5 million within 6 months from 1 April 2022 ("Termination Notice").

On 18 April 2022, by way of a Sub-Sale Agreement ("SSA"), KSB purchased the Property from ISSB for a purchase consideration of RM150.0 million ("Purchase Price"), subject to fulfilment of the conditions precedent. The parties agreed in a supplemental agreement to the Termination Notice that part of the security deposit of RM150.0 million shall be deemed full payment of the purchase price, and balance security deposit shall be refunded within six (6) months from 1 April 2022.

On 1 September 2022, in a supplemental letter, ISSB and KSB clarified the intention of the parties pertaining to the SSA whereof the sub-sale agreement shall continue to be effective, valid and enforceable only upon fulfilment of the following conditions:

(i) that KSB does not continue to develop the Property; and

(ii) that the Property is successfully sold by KSB to third party purchaser.

Both parties also agreed that the balance security deposit shall be refunded to KSB on or before 30 June 2024.

38. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD (CONTINUED)

(c) On 12 May 2023, KSB entered into a conditional sale and purchase agreement ("SPA") with Sunway Living Space Sdn. Bhd. ("SLS") for the disposal of the Property for a cash consideration of RM170,000,000. An additional consideration of RM50.0 million is payable by SLS to KSB if KSB obtained a new development order with plot ratio of 7 on net land area within 1 year from the date of SPA. KSB and SLS had on 12 October 2023 mutually agreed to extend the conditional period to 12 November 2023 for the Company to fulfil all conditions precedent of the SPA.

39. COMPARATIVE FIGURES

The comparative figures of the preceding financial year covered a period of 12 months from 1 January 2021 to 31 December 2021 whilst the figures of the current financial period's financial statements covered a period of 18 months from 1 January 2022 to 30 June 2023. Accordingly, the statements of comprehensive income, statements of cash flows and their related notes are not in respect of comparable period.

Registration No. 200101026228 (561986 – V)

YNH PROPERTY BHD.
(Incorporated in Malaysia)

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

We, **DATO' DR. YU KUAN CHON, DIMP, PPT, MBBS** and **DATO' YU KUAN HUAT, DPMP, PMP, AMP, PPT**, being two of the directors of YNH PROPERTY BHD., do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 8 to 111 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and cash flows for the financial period then ended.

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

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

……………………………………………………...….
DATO' YU KUAN HUAT, DPMP, PMP, AMP, PPT
Director

Kuala Lumpur

Date: 27 October 2023

YNH PROPERTY BHD.
(Incorporated in Malaysia)

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

I, **DATO' DR. YU KUAN CHON, DIMP, PPT, MBBS**, being the director primarily responsible for the financial management of YNH PROPERTY BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 8 to 111 are 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.

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

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 27 October 2023.

Before me,

……………………………………………………
Commissioner for Oaths

Registration No. 200101026228 (561986 – V)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
YNH PROPERTY BHD.
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of YNH Property Bhd., which comprise the statements of financial position as at 30 June 2023 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 period then ended, and notes to the financial statements, including significant accounting policies, as set out on pages 8 to 111.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

As disclosed in Note 8(iv) to the financial statements, included in inventories of the Group are amounts of RM1,100,210,470 paid in respect of joint venture and turnkey contracts entered into with the joint venture parties or landowners for property development work. During the financial period, additional amounts of RM97,500,000 were paid to the landowner. These amounts pertain to joint venture and turnkey contracts entered into with joint venture parties or landowners for development work. The land cost is subject to the agreed entitlement provided in the contract with the joint venture partners or landowners.

During the financial period, the Group was subject to queries and investigations by regulatory authorities regarding these joint venture and turnkey contracts entered by the Group.

In response to these new developments, we undertook additional and extended audit procedures over and beyond the normal audit procedures and actively engaged with the directors and the Audit Committee of the Group concerning these joint venture and turnkey contracts. Our additional and extended audit procedures resulted in our request for the Group to undertake extended procedures of the joint venture and turnkey contracts. Consequently, the Group agreed to and is in the midst of conducting a special review of these transactions to examine any potential involvement of related parties and any non-compliance with the applicable laws and regulations. At the date of authorisation of these financial statements, the outcomes of the regulatory authorities' investigation remain unknown, and the special review undertaken by the Group has not been completed.

Basis for Qualified Opinion (Continued)

Therefore, given the prevailing ongoing regulatory authorities' investigations and the Group's special review which have not been completed, we could not obtain sufficient appropriate audit evidence that the joint venture and turnkey contracts entered into with the respective joint venture parties or landowners are not related party transactions, and on the value of these inventories as at 30 June 2023 and the related disclosures. Consequently, we were unable to determine whether any adjustments to the financial statements were necessary.

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

Independence and Other Ethical Responsibilities

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

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. As described in *Basis for Qualified Opinion* section above, we are unable to conclude whether or not the other information is materially misstated with respect to that matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. 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. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined the matters below to be the key audit matters to be communicated in our report.

Group

Goodwill on consolidation (Notes 4(a) and 9 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 directors on the discount rate applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections.

Our response:
Our audit procedures focus on evaluating the cash flow projections which included, among others:
- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Group's key assumptions to our understanding obtained during our audit in relation to key assumptions;
- testing the mathematical computation of the impairment assessment; and
- evaluating sensitivity analysis around the key assumptions that are expected to be most sensitive to the recoverable amount.

Revenue recognition for property development activities (Notes 4(b) and 25 to the financial statements)

The amount of revenue of the Group's property development activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of property development costs incurred for work performed to date bear to the estimated total property development costs for each project. We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the potential exposure to liquidated ascertained damages. 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 included, among others:
- understanding the Group's process in preparing or updating project budget and the calculation of the progress towards complete satisfaction of performance obligation;
- comparing the Group's major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year;
- assessing the computed progress towards complete satisfaction of performance obligation for identified projects against architect or consultant certificate; and
- checking the mathematical computation of recognised revenue during the financial period.

Key Audit Matters (Continued)

Group (Continued)

Funding requirements and ability to meet short-term obligations (Notes 4(c) and 32(b)(ii) to the financial statements)

As at 30 June 2023, included in the Group's current liabilities are short-term payables and accruals of RM228,753,530 and short-term borrowings (including lease liabilities) of RM530,131,998. As disclosed in Note 20(d) to the financial statements, certain revolving credit of the Group are subject to monthly limit reduction over a two to three-year period. We focused on this area due to the significant amount of short-term liabilities.

The Group's policies and processes for the management of liquidity risk are disclosed in Note 32(b)(ii) to the financial statements.

Our response:
Our audit procedures included, among others:

- assessing the cash flow forecast over the next 12 months;
- comparing the Group's assumptions in the cash flow forecast to our understanding obtained during our audit in relation to key assumptions;
- testing the mathematical computation of the cash flow forecast calculation;
- evaluating stress tests for a range of reasonable possible scenarios; and
- agreeing sources of financing and uses of funds to supporting documents.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

Responsibilities of the Directors for the Financial Statements

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

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

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

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.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that in our opinion;

(a) the accounting and other records for the matter as described in the *Basis of Qualified Opinion* section have not been properly kept by the Group in accordance with the provision of the Companies Act 2016 in Malaysia.

(b) we have not obtained all the information and explanations that we required.

Other Matters

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

Baker Tilly Monteiro Heng PLT	Lee Kong Weng
201906000600 (LLP0019411-LCA) & AF 0117	No. 02967/07/2025 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur

Date: 27 October 2023