YNH PROPERTY BHD
(561986-V)

Annual Report 2018

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NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held at Hotel Sfera, 2479, Jalan Dato' Yu Neh Huat, Taman Samudera, 32040 Sri Manjung, Perak Darul Ridzuan, Malaysia on Tuesday, 28 May 2019 at 11.45 a.m.

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the year ended 31 December 2018, together with the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' Fees of RM152,830 in respect of the year ended 31 December 2018. **(Resolution 1)**
3. To approve the payment of Directors' Benefits (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM170,000 from 29 May 2019 until the next Annual General Meeting of the Company. **(Resolution 2)**
4. To re-elect the following Directors retiring pursuant to the Articles of Association of the Company:

   Ching Nye Mi @ Chieng Ngie Chay **(Resolution 3)**

   Ding Ming Hea **(Resolution 4)**
5. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS, to consider and, if thought fit, pass the following Ordinary Resolutions:

6. **Retention of Independent Non-Executive Directors**

   6.1 That Dato' Robert Lim @ Lim Git Hooi, DPMP, JP who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be retained, to continue to act as an Independent Non-Executive Director of the Company. **(Resolution 6)**

   6.2 That subject to his re-election as a Director of the Company under Ordinary Resolution No. 3, Ching Nye Mi @ Chieng Ngie Chay who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be retained, to continue to act as an Independent Non-Executive Director of the Company. **(Resolution 7)**

   6.3 That subject to his re-election as a Director of the Company under Ordinary Resolution No. 4, Ding Ming Hea who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be retained, to continue to act as an Independent Non-Executive Director of the Company. **(Resolution 8)**

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING (cont'd)

7. **Proposed Renewal of Share Buy Back Authority** **(Resolution 9)**

"That, subject to the Companies Act, 2016, the provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy Back") provided that:-

i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa number of issued shares Securities as at the point of purchase;

ii) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy Back shall not exceed the sum of the Retained Profits of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy Back; and

iii) the shares purchased by the Company pursuant to the Proposed Share Buy Back may be dealt with in all or any of the following manner (as selected by the Company):-

a) the shares so purchased may be cancelled; and/or
b) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

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

i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting, whichever occurs first.

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

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING (cont'd)

8. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature** **(Resolution 10)**

   "That, subject to the Companies Act, 2016 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or person connected with Directors and/or major shareholders of the Company and/or its subsidiary companies ("Related Parties") as specified in Section 2.2 of the Circular to Shareholders dated 30 April 2019, provided that such arrangements and/or transactions are:

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

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

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

   whichever is earlier.

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

9. **Proposed Adoption of New Constitution of the Company** **(Special Resolution)**

   "That approval be and is hereby given for the Company to revoke its existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 30 April 2019 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

By Order of the Board

CHAN YOKE YIN
CHENG GHEE CHENG
CHAN EOI LENG

Company Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia
30 April 2019

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING (cont'd)

NOTES:

a) A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend, speak and vote instead of him/her. A proxy must be 18 years and above.
b) A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
c) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
d) Where a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
e) The instrument appointing a proxy must be deposited at the registered office of the Company, 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting. All resolutions set out in the Notice of the Meeting are to be voted by poll.
f) Depositors who appear in the Record of Depositors as at 17 May 2019 shall be regarded as Member of the Company entitled to attend the Seventeenth Annual General Meeting or appoint one or two proxies to attend, speak and vote on his/her behalf.

EXPLANATORY NOTES TO SPECIAL BUSINESS

1) Retention of Independent Non-Executive Directors

In line with the Malaysian Code on Corporate Governance, the Board on the Nominating Committee who has carried out an assessment of the Directors has recommended that Dato' Robert Lim @ Lim Git Hooi, DPMP, JP, Ching Nye Mi @ Chieng Ngie Chay and Ding Ming Hea who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, be retained as Independent Non-Executive Directors of the Company based on the following justifications:-

(i) They fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus they would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.

(ii) Their vast experience in their professional knowledge enabled them to provide the Board with a diverse set of experience, expertise and independent judgment.

(iii) They have performed their duty diligently and in the best interest of the Company as required by the Code as an Independent Director and provide a broader view, independent and balanced assessment of proposals from the management.

2) Proposed Renewal of Share Buy Back Authority

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

3) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature

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

4) Proposed Adoption of New Constution of the Company

The Special Resolution proposed under item 9, if passed, will bring the Company's Constitution in line with the enforcement of the Companies Act, 2016 and Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad and to enhance administrative efficiency. The proposed new Constitution is set out in Part C of the Statement/Circular to Shareholders of the Company.

2018 ANNUAL REPORT

The 2018 Annual Report is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholders within 4 market days from the date of receipt of the request. Shareholders who wish to receive the printed copy of the Annual Report and who require assistance with the viewing of the CD-ROM, kindly contact Madam Cheng at Tel. No.: 605-5451945

STATEMENT ACCOMPANYING NOTICE OF THE SEVENTEENTH ANNUAL GENERAL MEETING

OF YNH PROPERTY BHD
PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Directors who are standing for re-election

Ching Nye Mi @ Chieng Ngie Chay and Ding Ming Hea who retire pursuant to the Articles of Association of the Company are standing for re-election at the forthcoming Annual General Meeting.

The details of individual standing for re-election as Directors are set out in the Profile of Directors and Statement of Shareholdings of this Annual Report.

2. Details of attendance of Directors at Board Meetings

Five (5) Board Meetings were held during the financial year from 1 January 2018 till 31 December 2018:

26 February 2018
26 April 2018
31 May 2018
30 August 2018
22 November 2018

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

Name of Directors	Number of Meetings	Number of Meetings Attended
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	5	3
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	5	5
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	5	5
Ching Nye Mi @ Chieng Ngie Chay	5	5
Ding Ming Hea	5	5

CORPORATE INFORMATION

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

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

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

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

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

Secretaries
Chan Yoke Yin (MAICSA 7043743)
Cheng Ghee Cheng (LS 0004598)
Chan Eoi Leng (MAICSA 7030866)

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

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

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

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

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

CORPORATE INFORMATION (cont'd)

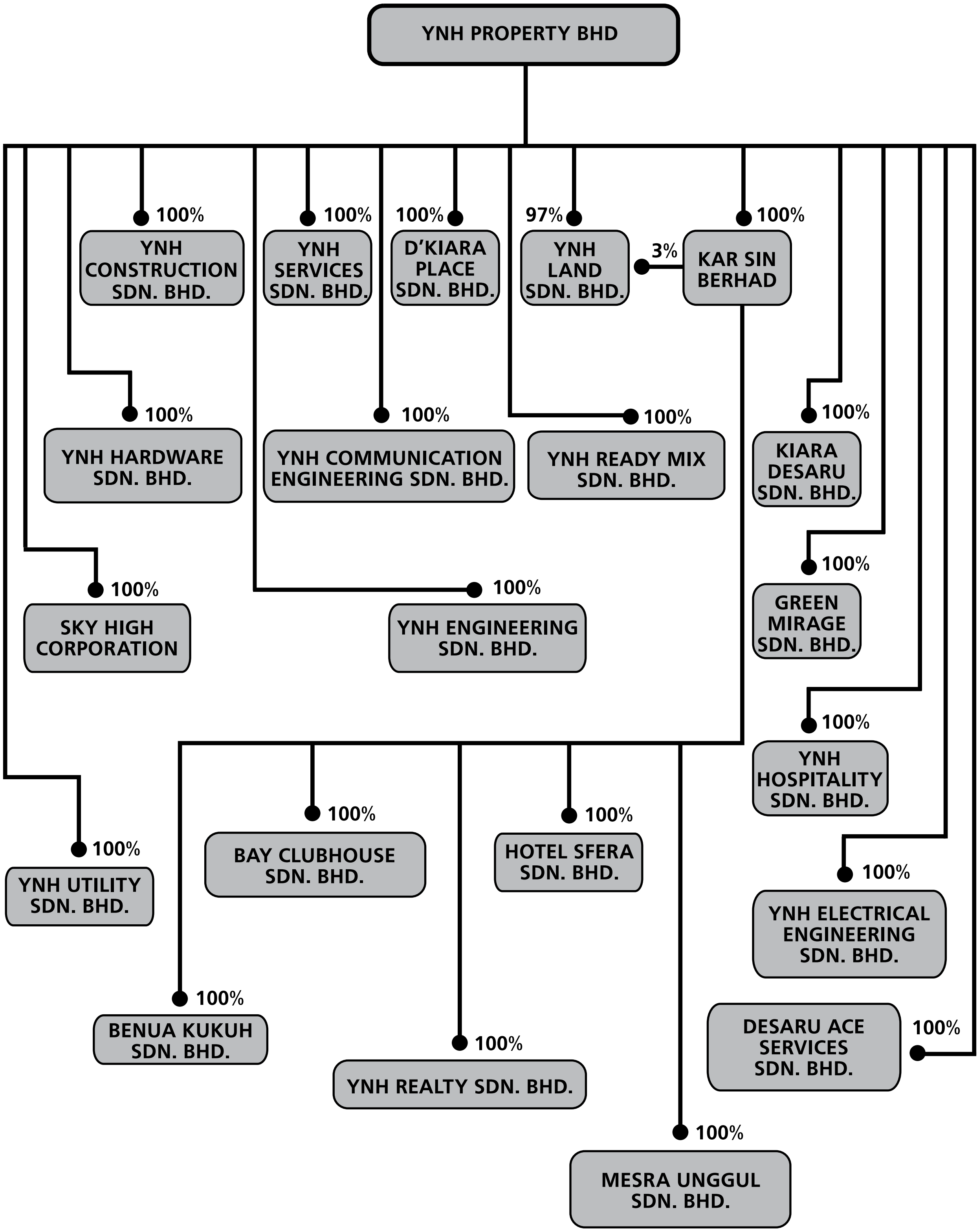
Sales Office – Ipoh
10, Jalan Medan Ipoh 3
Bandar Medan Ipoh Baru
31400 Ipoh
Perak Darul Ridzuan, Malaysia
Telephone No.: 05-5451945
Fax No.: 05-5451945

Auditors
Baker Tilly Monteiro Heng PLT
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia.

Principal Bankers
Alliance Bank Malaysia Berhad
AmBank (M) Berhad
Bank Islam Malaysia Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
Public Investment Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd.
Al Rajhi Banking And Investment Corporation (Malaysia) Bhd.
Affin Bank Berhad

Stock Exchange Listing
Bursa Malaysia Securities Berhad
Main Market

CORPORATE STRUCTURE



PROFILE OF THE BOARD OF DIRECTORS

DATO' DR. YU KUAN CHON, DIMP, PPT, MBBS
57 years of age
Malaysian, Male
Chairman, Executive Director
Member, ESOS Committee

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

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

He has attended three (3) out of the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2018.

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

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

DATO' YU KUAN HUAT, DPMP, PMP, AMP, PPT
61 years of age
Malaysian, Male
Managing Director
Member, Remuneration Committee
Member, ESOS Committee

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

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

He has attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2018.

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

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

PROFILE OF THE BOARD OF DIRECTORS (cont'd)

DATO' ROBERT LIM @ LIM GIT HOOI, DPMP, JP
80 years of age
Malaysian, Male
Senior Independent and Non-Executive Director
Chairman, Audit Committee
Chairman, Nominating Committee
Chairman, Remuneration Committee
Member, ESOS Committee

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

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

He has attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2018.

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

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

CHING NYE MI @ CHIENG NGIE CHAY
72 years of age
Malaysian, Male
Independent and Non-Executive Director
Member, Audit Committee
Member, Nominating Committee
Member, Remuneration Committee
Member, ESOS Committee

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

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

He has attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2018.

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

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

PROFILE OF THE BOARD OF DIRECTORS (cont'd)

DING MING HEA
55 years of age
Malaysian, Male
Independent and Non-Executive Director
Member, Audit Committee
Member, ESOS Committee

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

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

He has attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2018.

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

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

KEY SENIOR MANAGEMENT PROFILE

DATO' YU KUAN HUAT, DPMP, PMP, AMP, PPT
Managing Director
Malaysian, Male, aged 61

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

DATO' DR. YU KUAN CHON, DIMP, PPT, MBBS
Executive Director
Malaysian, Male, aged 57

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

FINANCIAL HIGHLIGHTS

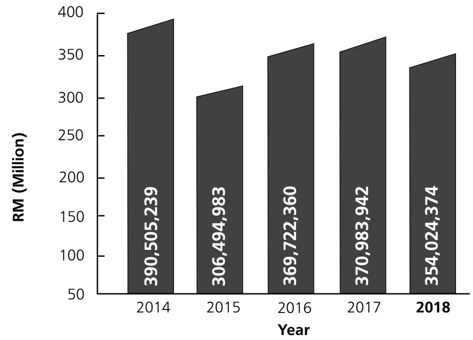
FIVE YEARS FINANCIAL HIGHLIGHTS

	2014*	2015*	2016*	2017#	2018#
Revenue (RM)	390,505,239	306,494,983	369,722,360	370,983,942	354,024,374
Profit before tax (RM)	69,983,530	11,035,599	52,365,354	64,808,836	26,361,353
Earnings per share (Basic) - Sen	11.38	1.63	7.52	8.24	2.97
Total assets (RM)	1,715,787,723	1,929,840,300	2,061,934,117	2,115,947,793	2,215,708,785
Dividend pay out (RM)	14,067,256	7,528,562	70,212,043	NIL	9,638,402

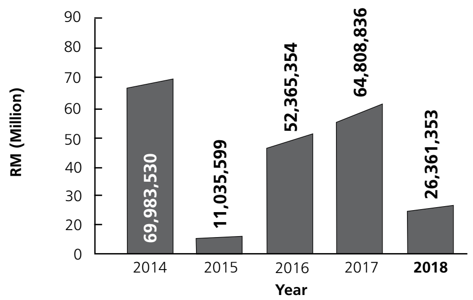
* Based on financial statements prepared in accordance with the Financial Reporting Standards in Malaysia.

\# Based on financial statements prepared in accordance with the Malaysian Financial Reporting Standards

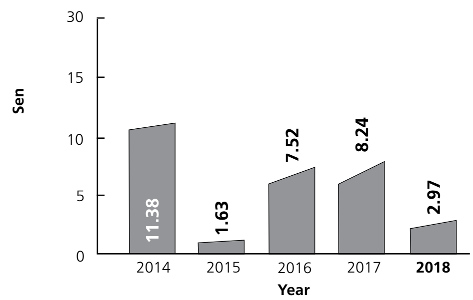
Revenue



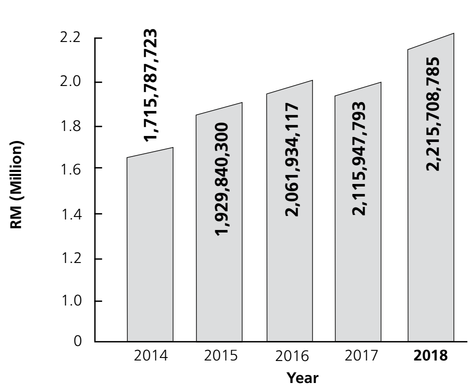
Profit before tax



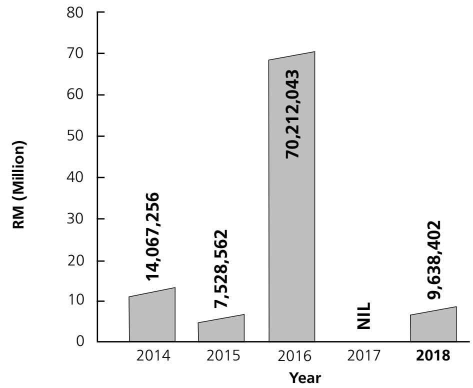
Earnings per share (Basic)



Total assets



Dividend pay out



CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of YNHP, it's my pleasure to present the Annual Report and Audited Financial Statements of the Company and its subsidiaries ("Group") for the financial year ended 31 December 2018.

The country's economic situation remained resilient with a gross domestic product ("GDP") growth of approximately 4.5% for 2018 despite global headwinds. The GDP achieved was mainly driven by expansion in domestic demand and private sector expenditure amide decline in net export growth.

The year under review had continued to be a challenging one for us from competition with both private and public developments coupled together with tight control measures being enforced by the central bank has been cooling down property market in Malaysia. Malaysia's economy had improved but had yet to contribute to any strong positive outlook in the property market.

However, with regards to the financial results of the Company, I am pleased to report that YNH Property Bhd ("YNHP" or the "Company") managed to stay profitable with YNHP Group registering a total revenue of RM354 million in the Financial Year Ended 31 December 2018 ("FYE 2018") and Profit Before Taxation ("PBT") of RM26 million for FYE 2018.

For the financial year ended 31 December 2018, the Company had continued to focus on its projects in the Klang Valley and also in Seri Manjung.

Development Projects in the Klang Valley

Kiara 163, Mont Kiara

The 6-acre mixed/development project in Mont Kiara, Kiara 163. Phase 1, which was launched early 2016, had been completed in November 2018. The Small Office Versatile Office ("SOVO") commercial units had been fully sold. In addition, the Hotel Suites sales had reached 70% and the service apartment, which was launch on 1st quarter 2018 had received good uptake of 75% and is currently being handed over to their purchasers.

The Kiara 163 Retail Shops managed by a leading retail consultant had been completed with a few international brands as the anchor tenants. The concept for the Kiara 163 Retail is a lifestyle neighbourhood mall for the convenience of the residents surrounding Mont Kiara. Currently, the occupancy rate for the Kiara 163 Retail is around 65%.

Sfera Residensi, Puchong South

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

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

The latest sales have reached 95% for both the commercial shop offices and the apartments.

The project had been completed in April 2019. Currently, the Company is busy handing over the units of this project to the buyers.

CHAIRMAN'S STATEMENT (cont'd)

Development Projects in Perak

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

Acknowledgement

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

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

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

MANAGEMENT DISCUSSION & ANALYSIS

For the year 2018, sales contribution were mainly derived from the progressive sales of commercial properties at Manjung Point Township (adjacent to AEON Shopping Mall), progressive sales of inventories in Taman Desa Manjung and progressive profit recognition at Kiara 163, Sfera Residensi and Taman Sejati II projects.

Sales from the Company's projects such as the Hotel Suite & Service Apartment of Kiara 163 Phase 2, Sfera Residensi, Manjung Commercial Shoplots and Manjung Point Township residential units (Seri Manjung, Perak) will continue to contribute strongly to the Group's income. As such, the Board is cautiously optimistic of the Group's prospect for 2019.

The Board is optimistic of our Kiara 163 Phase 2, Hotel Suite & Service Apartment, with a total GDV of approximately RM700 million, will contribute positively to the Group's earnings in 2019.

Sfera Residensi in Puchong South, a medium cost residential apartment will continue to contribute in 2019 via sales of balance unit of commercial & residential units.

The balance GDV for Sfera Residensi is approximately RM50 million. The Board is confident that this development will contribute positively to the Group's earnings in 2019.

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

AEON Seri Manjung and Pantai Hospital Seri Manjung both fully operational together with the international school, had improved the value of the Company's existing and future developments of this township.

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Board is pleased to report on the manner the Group has complied with the relevant principle and recommendations of good governance as set out in the Malaysian Code on Corporate Governance 2017 (the Code) pursuant to Paragraph 15.25 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (the Main Market Listing Requirements) as set out below. The Board having duly considered the rationale for the said exception as explained in this Annual Report.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

Board's Role

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

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

The Board shall meet at least four (4) times a year at quarterly intervals with additional meetings convened as necessary. Five (5) Board Meetings were held during the financial year ended 31 December 2018. Details of attendance of Directors at the Board Meetings are presented in the Statement Accompanying the Notice of the Seventeenth Annual General Meeting.

Board Charter and Code of Conduct

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

The Board Charter will be periodically reviewed and updated to ensure it complies with legislation, best practices, and remains relevant and effective for good governance policy and processes.

The Board Charter is made available at the Company's website at www.ynhb.com.my.

In promoting good governance practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures, full details of which are made available on the Company's website:

- Code of Ethics and Conduct
- Corporate Disclosure Policy
- Annual Assessment Policy & Remuneration Policy
- Sustainability Policy
- Whistle Blowing Policy

Supply of information

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1. BOARD RESPONSIBILITIES (cont'd)

Key Roles of Chairman, Managing Director and Independent Non-Executive Directors

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

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

Company Secretaries

The Board is supported by three (3) suitably qualified and competent Company Secretaries who are accountable to the Board and are responsible for the following:

- Advising the Board on matters related to corporate governance and the Bursa Listing Requirements;
- Ensuring that Board procedures and applicable rules are observed;
- Maintaining records of the Board and ensuring effective management of the Company's statutory records;
- Preparing comprehensive minutes to document Board proceedings and ensuring conclusions are accurately recorded;
- Assisting the communication between the Board and Management;
- Providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time; and
- Preparing agendas and coordinating the preparation of the Board papers.

2. BOARD COMPOSITION

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

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

Board Committees

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

2. BOARD COMPOSITION (cont'd)

Board Committees (cont'd)

a) Audit Committee

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

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

The Audit Committee Report is set out in this Annual Report.

b) Nominating Committee

The Nominating Committee comprises two members all of whom are Independent Non-executive Directors as follows:

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

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

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

c) Remuneration Committee

The Remuneration Committee comprises three members, the majority of whom are Independent Non-Executive Directors as follows:

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

2. BOARD COMPOSITION (cont'd)

Board Committees (cont'd)

c) Remuneration Committee (cont'd)

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

Directors' Remuneration

The Company's policy on Directors' remuneration is to set the remuneration package of the Directors of the Group. The Remuneration Committee is responsible to determine and recommend to the Board on the remuneration of all Directors.

The Directors' fees for the Non-Executive Directors are endorsed by the Board for approval by the shareholders at the Annual General Meeting prior to payment to the Non-Executive Directors. The Non-Executive Directors are also paid an attendance allowance for all meetings that they attend.

The details of the remuneration for Directors of the Company and the Group received or receivable for the financial year ended 31 December 2018 are as follows:

The Company	**Salary & Bonus RM'000**	**Fees RM'000**	**Allowance RM'000**	**Benefits-in-kind RM'000**	**Total RM'000**
Executive Directors					
Dato' Dr. Yu Kuan Chon	-	-	-	-	-
Dato' Yu Kuan Huat	-	-	-	-	-
Non-Executive Directors					
Dato' Robert Lim @ Lim Git Hooi	-	56	62	-	118
Ching Nye Mi @ Chieng Ngie Chay	-	48	44	-	92
Ding Ming Hea	-	48	44	-	92
Total	**-**	**152**	**150**	**-**	**302**

The Group	**Salary & Bonus RM'000**	**Fees RM'000**	**Allowance RM'000**	**Benefits-in-kind RM'000**	**Total RM'000**
Executive Directors					
Dato' Dr. Yu Kuan Chon	4,808	-	-	-	4,808
Dato' Yu Kuan Huat	4,808	-	-	-	4,808
Non-Executive Directors					
Dato' Robert Lim @Lim Git Hooi	-	-	-	-	-
Ching Nye Mi @ Chieng Ngie Chay	-	-	-	-	-
Ding Ming Hea	-	-	-	-	-
Total	**9,616**	**-**	**-**	**-**	**9,616**

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

2. BOARD COMPOSITION (cont'd)

Board Committees (cont'd)

d) Employees' Share Option Scheme (ESOS) Committee

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

Appointments to the Board

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

Re-election of Directors

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

Directors training

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

In house trainings by all the Directors:
a) Companies Act 2016 - Impact on Listing Requirement.
b) Malaysian Code on Corporate Governance - 2017.
c) Key Amendments to Listing Requirements Arising from Companies Act 2016.
d) Introduction to Malaysian Business Reporting System.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Risk Management and Internal control

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

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

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

2. Financial reporting

The Company's financial statements are prepared in accordance with the requirements of applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016. The Board is responsible to ensure that the financial statements of the Company present a balanced and understandable assessment of the state of affairs of the Company. The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy and adequacy. In this respect, it is the Board's policy to ensure the accurate and timely dissemination of financial and corporate announcements for greater accountability and transparency. Such announcements are made to Bursa Malaysia Securities Berhad promptly upon the Board's approval.

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

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial period and of their profit or loss and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016 have been applied.

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

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

4. Relationship with the auditors

The Company has always maintained a formal and transparent relationship with the external auditors in seeking professional advice and ensuring compliance with approved accounting standards. The external auditors will meet the Board at least twice a year for the presentation of audit plan and results of audit when the annual financial statements are presented to the Directors. The Audit Committee will have a private session with the external auditors without the presence of any executive director of the Group at least twice a year. Annual appointment or re-appointment of the external auditors is by shareholders' resolution at the AGM on the recommendation of the Board. Annual appointment or re-appointment of the internal auditors is made by the Board on the Audit Committee's recommendation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND STAKEHOLDER ENGAGEMENT

1. Investor relations and shareholder communication

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

2. The AGM

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

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

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

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

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

3. Sustainability Strategies

The Group is committed towards building an enduring business model that take into consideration the environment, community, workplace, marketplace and balance between business opportunity and risks in order to deliver lasting value for the shareholders and stakeholders. Details of the day-to-day business activities is disclosed in the Sustainability Statement in this Annual Report.

Compliance with the Code

The Group has complied with the relevant principle and recommendations of good governance as contained in the Code except for the departures set out in the Corporate Governance Report.

The Corporate Government Overview Statement was approved by the Board of Directors on 24 April 2019.

This statement is prepared in compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirement and it is read together with the Corporate Governance Report which available on the Company's website at www.ynhb.com.my.

SUSTAINABILITY STATEMENT

INTRODUCTION

Pursuant to Bursa Malaysia Securities Berhad's Sustainably Reporting Guide, YNH Property Bhd ("YNHP") Group, we recognize the values of sustainability framework based upon evaluation on the environment and social responsibilities towards our stakeholders and all aspect areas.

The implementation of our strategies on sustainability is made available at YNHP's website at www.ynhb.com.my.

Our sustainability is focused on four core areas namely, the environment, the community, the work place and the market place.

Environment

The Group strives to provide a safe and healthy environment for employees. As a developer, we preserve the environment when embarking on our property projects. It is our priority that we review the Group's environmental objectives periodically as to ensure that all the operations are carried out in an environmental responsible manner to minimize negative environment impact.

In order to prevent wastage, the Group has promoted environmental friendly awareness among its employees by educating its employees to adopt and to instill habits of environment friendly approach towards daily operations. Several practices have been put in practice which include recycling papers, documents to be printed on double-sided to reduce usage of paper and documents circulated through electronic communication channels to save paper.

Apart from recycling policy, suggestions on ways to save energy were introduced to the employees such as switching off non-essential equipment, lighting, electrical devices or air-condition when not in use.

The Group also insists that its contractors implement and be responsible for effective cleaning and safety measures to safeguard the environment and random inspections are conducted from time to time to ensure that such measures are being undertaken and observed.

During the year, the Group has organised beach cleaning activity and tree planting activity at Pantai Pasir Panjang, Segari, Perak.

Community

The Group strives to enhance shareholders' value and also to assist the local community and general public create a harmonious and pleasant living environment. YNHP has ensured that, in achieving such objectives, the benefit shall not only include its shareholders but also its employees, the community and the environment.

The Group has contributed to the local community through Dato' Yu Neh Huat Foundation ("the Foundation") which is a trust maintained and operated by the controlling shareholder of YNHP.

The Foundation is dedicated to the advancement of education and religion, relief of poverty, promotion of activities for the benefit and advancement of the sports, culture and art and for the benefit and preservation of the environment, nature and wildlife and specifically for purposes beneficial to the local community mainly in the District of Manjung, Perak.

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

Other than financial assistance through the Foundation, the Group has also organised Fitness Activities for the Community in Manjung, Creative Classes for children, Food distribution to school and Blood donation drive.

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

The Group has provided a six months budget for community program in Seri Manjung where "Zumba" dance class for adult and art class for children were conducted on every Saturday morning at Samudera Apartments from October 2017 to March 2018. The Group has also donated to Medical Foundation and various Temples funds.

SUSTAINABILITY STATEMENT (cont'd)

Work place

The Group believes that passionate and capable employees are the key assets and they are great contributors to the Group. Therefore, it is important to continuously provide its employees with skills development and training programmes that encourage progression and self-enrichment.

As part of our efforts to provide growth and progression of opportunities for our employees, the Group sponsors employees to attend external seminars as well as management and financial skill upgrading programmes to strengthen their competencies, skills and knowledge to enhance work quality and to achieve optimal job performance.

The Group also consistently promote a safe and healthy work culture for a more conducive work environment. Implementing quality assurance is salient in all our projects and in various stages of each project. Quality, environment, health and safety criteria are established and implemented through our best practices.

To create a happy and harmonious workplace, we provide opportunities for our employees to engage in sports and recreational activities to promote a healthy lifestyle for the employees and occassional Company's trip to local destination.

Such activities have added benefits of reinforcing interpersonal relationships and enhancing team spirit.

Market Place

The Group realizes the importance of building and maintaining good relationships with its customers, suppliers and contractors. The Group is also committed to promote open communication with our shareholders, investors, analysts, fund managers, business partners and the media to keep them abreast with our strategies, performance as well as business activities.

Our annual general meeting provides an ideal opportunity for the board members to communicate with our valued shareholders. Shareholders are encouraged to participate in the question and answer sessions. The board members, senior management, financial controller and group's accountant are available to respond to shareholders' queries.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

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

2. Auditors' Remuneration

The Auditors' Remuneration of the Company and Group for the financial year ended 31 December 2018 is as follows:

	Audit Fees (RM)	Non-Audit Fees (RM)
Company	66,700	7,000
Group	317,600	12,000

3. Material Contracts

There were no material contracts, entered into or loan made by the Company and its subsidiaries, involving Directors' and substantial shareholders' either still subsisting at the end of the financial year 31 December 2018 or entered into since the end of the previous financial year.

4. Revaluation of Landed Properties

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

Introduction

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

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

Key Elements of Risk Management and Internal Control

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

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

- The Board meets at least quarterly and have set a schedule of matters to be deliberated during the Board meetings to ensure that that Board maintains full and effective supervision over the control processes.

- The Group operates within an organisational structure with defined lines of responsibilities and accountabilities. A procedural and hierarchical reporting has been established which provides for a documented and auditable trail of accountability.

- The Group's risk management process identifies the principal business risks. The Management is responsible for the identification and evaluation, on an on-going basis, of significant risks inherent to the business. Appropriate action plans are developed to mitigate the key risk areas. Management meetings will be conducted to schedule available resources to address the identified risks within the risk management process.

- The Audit Committee provides assistance to the Board of Directors in fulfilling its overall responsibilities. The Audit Committee reviews the internal audit plan for the year, and reviews the action taken on internal control issues identified in the reports prepared by the Internal Auditors.

- The Group outsourced its Internal Audit Function to an accounting firm and the Internal Auditors, which report directly to the Audit Committee, performed reviews on the effectiveness of the current controls in place and highlighted key risk areas affecting the Group as well as made practical recommendations to address any potential weaknesses. The Internal Audit Function carries out the audit on rotational basis to cover selected areas and companies in every audit. The Audit Committee has full access to the service and advice of the Internal Auditors and the Audit Committee, together with the Management, reviewed the issues identified by the Internal Auditors and External Auditors and ensured that all practical recommendations, agreed to by the Management, are implemented. In year 2018, the Internal Audit Function reviewed the sales function and procurement function covering the following areas, amongst others:

    - Review and assess the adequacy of internal controls over cost of sales and construction cost for the Group's construction and development arm.
    - Review and ensure compliance of the Group's Standard of Operating Policies and Procedures for sales function.
    - Review the accuracy and completeness of the sales cycle and ensure it is accurately accounted for.
    - Review and identify long outstanding balances and provision of doubtful debts for receivables.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS (cont'd)

Risk Management

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

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

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

Monitoring and Review of the Adequacy and Integrity of the System of Internal Control

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

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

Weaknesses in Internal Control and Risk Management That Result in Material Losses

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

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

Review of the Statement by External Auditors

As required by Paragraph 15.23 of Bursa Malaysia Listing Requirements, the External Auditors have conducted a limited assurance engagement on this Statement on Risk Management and Internal Control. Their limited assurance engagement was performed in accordance with ISAE 3000 (Revised), *Assurance Engagement other than Audits or Review of Historical Financial Information* and the Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on Directors' Statement on Internal Control included in the Annual Report*.

Based on the procedures performed, the External Auditors have reported to the Board that nothing has come to their attention that would cause them to believe that this statement is not prepared, in all material aspects, in accordance with disclosures required by Paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidance for Directors of Listed Issuers, nor is it factually inaccurate. AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and internal control system.

AUDIT COMMITTEE REPORT

The Audit Committee comprises three members, all of whom are Independent Non-Executive Directors as follows:

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

Attendance of Meetings

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

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

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

Summary of Activities

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

- Reviewed and approved the Internal Audit's plan and programmes;
- Reviewed the internal audit reports and considered the findings by the auditors and management's responses thereto;
- Carried out an annual review of the performance of the Internal Auditors, including assessment of their suitability and independence in performing their obligation;
- Reviewed, prior to the commencement of audit, the external auditors' scope of engagement, their audit plan and approach;
- Reviewed with the external auditors the results of their audit, their audit report and management letters relating to the audit, their internal control recommendations in respect of control weaknesses noted in the cause of their audit and the management's responses thereto;
- Reviewed the performance and effectiveness of external auditor including assessment of their suitability and independence in performing their obligations and made recommendation to the Board for approval of their reappointment.
- Reviewed the annual financial statements and quarterly financial reports and reporting to Bursa Malaysia Securities Berhad and ensured compliance with additional disclosure requirements in accordance with the Main Market Listing Requirements of Bursa Securities;
- Reviewed the related party transactions and conflict of interest situations that arose within the Company or Group during the year.

AUDIT COMMITTEE REPORT (cont'd)

Internal Audit Function

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

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

The Internal Audit Function is currently outsourced to another professional services firm which reports directly to the Audit Committee. The scope of work covered by the Internal Audit Function is determined by the Audit Committee after discussion of the audit plan with the Board. The costs incurred for the Internal Audit Function for the financial year ended 31 December 2018 were RM24,900.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 9 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year, net of tax	15,609,053	(631,185)
Attributable to:		
Owners of the Company	15,609,053	(631,185)

DIVIDENDS

The amount of dividends declared and paid by the Company since the end of the previous financial year were as follows:

	RM
Final share dividend of six (6) treasury shares for every existing 1,000 ordinary shares for the financial year ended 31 December 2017, distributed on 28 September 2018	5,961,041
Single tier final dividend of 0.7 sen per ordinary share for the financial year ended 31 December 2017, paid on 28 September 2018	3,677,361

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2018.

RESERVES OR PROVISIONS

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

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 all known bad debts had been written off 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 the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

DIRECTORS' REPORT (cont'd)

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, other than debts, 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 year 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 year.

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 year 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.

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 year were not substantially affected by any item, transaction or event of a material and unusual nature other than those as disclosed in the financial statements; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year 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 year in which this report is made.

DIRECTORS' REPORT (cont'd)

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

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 a distribution of 3,149,079 treasury shares during the financial year representing six (6) treasury shares for every existing 1,000 ordinary shares for the financial year ended 31 December 2017.

As at 31 December 2018, the Company held 512,512 (2017: 3,661,591) 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 (2017: RM6,931,198). Further details are disclosed in Note 16 to the financial statements.

DIRECTORS

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

Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS*
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT*
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP*
Ching Nye Mi @ Chieng Ngie Chay
Ding Ming Hea

* Directors of the Company and certain subsidiaries

Other than as stated above, the name of the director of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Datin Teh Nai Sim
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP (resigned on 18.02.2019)
Datin Dr. Chan Sow Keng (alternate Director to Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS)
(Appointed on 15.02.2019)

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 year in shares in the Company and its related corporations during the financial year were as follows:

Interest in the Company

		Number of ordinary shares			
	Note	At 1.1.2018	Bought/ Share dividend	Sold	At 31.12.2018
Direct interests					
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	*	135,251,131	102,188,623	(105,227,304)	132,212,450
Dato' Yu Kuan Huat DPMP, PMP, AMP, PPT	*	21,560,450	2,096,360	-	23,656,810
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP		1,250,620	619,503	(1,316,000)	554,123
Ching Nye Mi @ Chieng Ngie Chay		8,173,244	45,436	(987,052)	7,231,628
Ding Ming Hea		2,099,005	7,672	(820,000)	1,286,677

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (cont'd)

		Number of ordinary shares			
	Note	At 1.1.2018	Bought/ Share dividend	Sold	At 31.12.2018
Indirect interests					
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	**	29,315,117	7,691,090	(900,000)	36,106,207
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	**	137,264,622	103,495,300	(106,107,304)	134,632,618
Ching Nye Mi @ Chieng Ngie Chay	***	28	-	-	28

* 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.

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

*** Shares held through spouse.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 25 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which 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 31 to the financial statements.

Neither during, nor at the end of the financial year, 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.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, there were no indemnity given to or insurance effected for, any director and officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

The auditors' report on the audit of the financial statements of the Company's subsidiaries did not contain any qualification.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 24 to the financial statements.

DIRECTORS' REPORT (cont'd)

INDEMNITY TO AUDITORS

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

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), 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.

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

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

Date: 30 April 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Group 31.12.2018 RM	Group 31.12.2017 RM (Restated)	Group 1.1.2017 RM (Restated)	Company 31.12.2018 RM	Company 31.12.2017 RM	Company 1.1.2017 RM
ASSETS							
Non-current assets							
Property, plant and equipment	**5**	162,069,685	169,743,909	182,983,160	-	-	-
Investment properties	**6**	302,468,234	307,961,819	352,537,897	-	-	-
Inventories	**7**	358,328,811	388,410,819	377,553,907	-	-	-
Goodwill on consolidation	**8**	17,626,036	17,626,036	17,626,036	-	-	-
Investment in subsidiaries	**9**	-	-	-	569,017,930	569,017,930	539,421,586
Deferred tax assets	**10**	88,351,319	72,304,868	70,959,163	-	-	-
Other non-current assets	**11**	511,197,470	463,205,670	398,536,670	-	-	-
Trade and other receivables	**12**	-	3,318,418	4,935,486	-	-	-
Total non-current assets		**1,440,041,555**	**1,422,571,539**	**1,405,132,319**	**569,017,930**	**569,017,930**	**539,421,586**
Current assets							
Inventories	**7**	542,468,804	528,983,883	513,250,288	-	-	-
Current tax assets		4,606,440	11,659,325	4,326,025	533,066	533,066	317,650
Other current assets	**11**	15,176,035	15,926,683	19,793,287	2,077	2,077	2,077
Trade and other receivables	**12**	152,296,368	111,851,205	164,888,737	3,843,205	3,843,205	33,239,551
Contract assets	**13**	47,741,945	2,354,781	5,352,250	-	-	-
Cash and short-term deposits	**14**	13,377,638	22,600,377	35,066,710	92,127	116,274	185,660
Total current assets		**775,667,230**	**693,376,254**	**742,677,297**	**4,470,475**	**4,494,622**	**33,744,938**
TOTAL ASSETS		**2,215,708,785**	**2,115,947,793**	**2,147,809,616**	**573,488,405**	**573,512,552**	**573,166,524**

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018 (cont'd)

	Note	Group 31.12.2018 RM	Group 31.12.2017 RM (Restated)	Group 1.1.2017 RM (Restated)	Company 31.12.2018 RM	Company 31.12.2017 RM	Company 1.1.2017 RM
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share capital	**15**	528,999,579	528,999,579	528,999,579	528,999,579	528,999,579	528,999,579
Treasury shares	**16**	(970,157)	(6,931,198)	(6,931,198)	(970,157)	(6,931,198)	(6,931,198)
Other reserves	**17**	32,315,809	31,577,326	34,703,801	-	-	-
Retained earnings		349,269,181	345,665,427	302,360,559	31,906,670	42,176,257	42,850,925
TOTAL EQUITY		**909,614,412**	**899,311,134**	**859,132,741**	**559,936,092**	**564,244,638**	**564,919,306**
Non-current liabilities							
Loans and borrowings	**18**	154,673,960	238,201,403	259,120,177	-	-	-
Provisions	**19**	775,126	8,315,460	5,914,839	-	-	-
Deferred tax liabilities	**10**	38,831,569	42,646,710	41,267,565	-	-	-
Trade and other payables	**20**	-	15,653,789	15,653,789	-	-	-
Total non-current liabilities		194,280,655	304,817,362	322,956,370	-	-	-
Current liabilities							
Loans and borrowings	**18**	615,985,656	582,674,411	645,452,166	-	-	-
Provisions	**19**	6,349,961	7,251,160	8,474,810	-	-	-
Current tax liabilities		13,025,393	3,033,397	3,305,140	-	-	-
Trade and other payables	**20**	283,890,239	154,744,197	145,063,212	13,552,313	9,267,914	8,247,218
Contract liabilities	**13**	192,562,469	164,116,132	163,425,177	-	-	-
Total current liabilities		1,111,813,718	911,819,297	965,720,505	13,552,313	9,267,914	8,247,218
TOTAL LIABILITIES		**1,306,094,373**	**1,216,636,659**	**1,288,676,875**	**13,552,313**	**9,267,914**	**8,247,218**
TOTAL EQUITY AND LIABILITIES		**2,215,708,785**	**2,115,947,793**	**2,147,809,616**	**573,488,405**	**573,512,552**	**573,166,524**

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM	Group 2017 RM (Restated)	Company 2018 RM	Company 2017 RM
Revenue	21	354,024,374	370,983,942	-	-
Cost of sales	22	(224,853,017)	(207,517,018)	-	-
Gross profit		**129,171,357**	**163,466,924**	**-**	**-**
Other income		23,861,399	39,201,238	-	-
Administrative expenses		(71,900,096)	(69,007,415)	(631,185)	(674,668)
Distribution expenses		(4,057,762)	(8,818,086)	-	-
Net impairment losses of receivables		(899,730)	(9,613,928)	-	-
Other expenses		(3,744,612)	(5,679,041)	-	-
Operating profit/(loss)		**72,430,556**	**109,549,692**	**(631,185)**	**(674,668)**
Finance costs	23	(46,069,203)	(44,740,856)	-	-
Profit/(Loss) before tax	24	**26,361,353**	**64,808,836**	**(631,185)**	**(674,668)**
Income tax expense	26	(10,752,300)	(21,503,968)	-	-
Profit/(Loss) for the financial year		**15,609,053**	**43,304,868**	**(631,185)**	**(674,668)**
Other comprehensive income/(loss), net of tax *Items that may be reclassified subsequently to profit or loss*					
Exchange differences on translation of foreign operations		738,483	(3,126,475)	-	-
Total comprehensive income/(loss) for the financial year		**16,347,536**	**40,178,393**	**(631,185)**	**(674,668)**
Profit/(Loss) attributable to:					
Owners of the Company		**15,609,053**	**43,304,868**	**(631,185)**	**(674,668)**
Total comprehensive income/(loss) attributable to:					
Owners of the Company		**16,347,536**	**40,178,393**	**(631,185)**	**(674,668)**
Earnings per share (sen)	27				
- Basic		2.97	8.24		
- Diluted		2.97	8.24		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share capital RM	← Attributable to owners of the Company → Capital reserve RM	Translation reserve RM	Treasury shares RM	Retained earnings RM	Total equity RM
Group							
At 1 January 2017							
- As previously reported		528,999,579	26,578,054	8,125,747	(6,931,198)	350,601,747	907,373,929
- Effect of transition to MFRSs:	**2.2**						
- MFRS 15		-	-	-	-	(48,241,188)	(48,241,188)
Restated balance at 1 January 2017		528,999,579	26,578,054	8,125,747	(6,931,198)	302,360,559	859,132,741
Total comprehensive income for the financial year							
Profit for the financial year		-	-	-	-	43,304,868	43,304,868
Other comprehensive loss for the financial year		-	-	(3,126,475)	-	-	(3,126,475)
Total comprehensive income		-	-	(3,126,475)	-	43,304,868	40,178,393
At 31 December 2017		528,999,579	26,578,054	4,999,272	(6,931,198)	345,665,427	899,311,134

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

	Note	← Attributable to owners of the Company →					
		Share capital RM	**Capital reserve RM**	**Translation reserve RM**	**Treasury shares RM**	**Retained earnings RM**	**Total equity RM**
Group (cont'd)							
At 1 January 2018							
- As previously reported		528,999,579	26,578,054	4,999,272	(6,931,198)	383,069,885	936,715,592
- Effect of transition to MFRSs:	**2.2**						
- MFRS 15		-	-	-	-	(37,404,458)	(37,404,458)
- MFRS 9		-	-	-	-	(2,366,897)	(2,366,897)
Restated balance at 1 January 2018		528,999,579	26,578,054	4,999,272	(6,931,198)	343,298,530	896,944,237
Total comprehensive income for the financial year							
Profit for the financial year		-	-	-	-	15,609,053	15,609,053
Other comprehensive income for the financial year		-	-	738,483	-	-	738,483
Total comprehensive income		-	-	738,483	-	15,609,053	16,347,536
Transactions with owners							
Dividends paid on shares	**28**	-	-	-	-	(3,677,361)	(3,677,361)
Share dividends	**28**	-	-	-	5,961,041	(5,961,041)	-
Total transactions with owners		-	-	-	5,961,041	(9,638,402)	(3,677,361)
At 31 December 2018		528,999,579	26,578,054	5,737,755	(970,157)	349,269,181	909,614,412

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

		← Attributable to owners of the Company →			
	Note	Share capital RM	Treasury shares RM	Retained earnings RM	Total equity RM
Company					
At 1 January 2017		528,999,579	(6,931,198)	42,850,925	564,919,306
Total comprehensive loss for the financial year					
Loss for the financial year		-	-	(674,668)	(674,668)
Total comprehensive loss		-	-	(674,668)	(674,668)
At 31 December 2017		528,999,579	(6,931,198)	42,176,257	564,244,638
Total comprehensive loss for the financial year					
Loss for the financial year		-	-	(631,185)	(631,185)
Total comprehensive loss		-	-	(631,185)	(631,185)
Transactions with owners					
Dividends paid on shares	**28**	-	-	(3,677,361)	(3,677,361)
Share dividends	**28**	-	5,961,041	(5,961,041)	-
Total transactions with owners		-	5,961,041	(9,638,402)	(3,677,361)
At 31 December 2018		528,999,579	(970,157)	31,906,670	559,936,092

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM	Group 2017 RM (Restated)	Company 2018 RM	Company 2017 RM
Cash Flows from operating activities					
Profit/(Loss) before tax		26,361,353	64,808,836	(631,185)	(674,668)
Adjustments for:					
Bad debt written off		340,683	-	-	-
Depreciation of investment properties		7,162,665	1,990,996	-	-
Depreciation of property, plant and equipment		10,248,521	12,400,464	-	-
Impairment losses on:					
- trade receivables		2,658,030	10,232,989	-	-
- other receivables		1,343,532	121,310	-	-
Reversal of impairment losses on:					
- trade receivables		(3,030,000)	-	-	-
- other receivables		(71,832)	(740,371)	-	-
Finance costs		46,069,203	44,740,856	-	-
Finance income		(276,537)	(336,643)	-	-
Gain on disposal of an investment property		-	(12,608,203)	-	-
Gain on disposal of property, plant and equipment		-	(142,854)	-	-
Property, plant and equipment written off		87,512	233,176	-	-
Provision for future operating lease commitment		-	7,136,000	-	-
Provision for rectification works		584,186	338,727	-	-
Unrealised foreign exchange loss		970,060	-	-	-
Operating profit/(loss) before changes in working capital, carried forward		92,447,376	128,175,283	(631,185)	(674,668)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

	Note	Group 2018 RM	Group 2017 RM (Restated)	Company 2018 RM	Company 2017 RM
Cash flows from operating activities (cont'd)					
Operating profit/(loss) before changes in working capital, brought forward		92,447,376	128,175,283	(631,185)	(674,668)
Changes in working capital:					
Inventories		(13,484,921)	(15,733,595)	-	-
Trade and other receivables		(85,618,685)	(6,147,796)	-	-
Contract assets		(45,387,164)	2,997,469	-	-
Trade and other payables		122,858,222	1,022,277	(18,547)	(29,304)
Provisions		(9,025,719)	(6,297,756)	-	-
Contract liabilities		28,446,337	690,955	-	-
Net cash generated from/(used in) operations		90,235,446	104,706,837	(649,732)	(703,972)
Income tax paid		(24,562,931)	(30,075,571)	-	(215,416)
Interest received		276,537	336,643	-	-
Interest paid		(46,069,203)	(44,740,856)	-	-
Net cash from/(used in) operating activities		19,879,849	30,227,053	(649,732)	(919,388)
Cash flows from investing activities					
Properties held for development - net of disposal/revocation		30,082,008	(10,856,912)	-	-
Purchase of property, plant and equipment		(3,649,458)	(15,238,457)	-	-
Proceeds from disposal of property, plant and equipment		-	10,874,264	-	-
Additions in investment properties		(1,669,080)	(8,577,149)	-	-
Proceeds from disposal of an investment property		-	63,770,434	-	-
Subscription of additional shares in a subsidiary		-	-	-	(199,998)
Placement of fixed deposits pledged		(112,953)	(11,819)	-	-
Net cash from/(used in) investing activities		24,650,517	39,960,361	-	(199,998)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

		Group		Company	
	Note	2018 RM	2017 RM (Restated)	2018 RM	2017 RM
Cash flows from financing activities	**(a)**				
Advances from subsidiaries		-	-	4,302,946	1,050,000
Drawdown of term loans		49,723,084	60,998,273	-	-
Payment of finance lease liabilities		(4,101,112)	(15,013,533)	-	-
Refinance with finance lease arrangements		9,500,000	-	-	-
Repayment of short-term revolving credits		(79,595,089)	(37,705,597)	-	-
Repayment of term loans		(43,441,737)	(60,364,811)	-	-
Dividends paid		(3,677,361)	-	(3,677,361)	-
Net cash (used in)/from financing activities		(71,592,215)	(52,085,668)	625,585	1,050,000
Net (decrease)/increase in cash and cash equivalents		(27,061,849)	18,101,746	(24,147)	(69,386)
Cash and cash equivalents at the beginning of the financial year		(66,493,251)	(84,630,434)	116,274	185,660
Effects of exchange rate changes on cash and cash equivalents		27,501	35,437	-	-
Cash and cash equivalents at the end of the financial year	**14**	(93,527,599)	(66,493,251)	92,127	116,274

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

(A) Reconciliation of liabilities arising from financing activities

	1 January 2018 RM	Cash flows RM	Non-cash Foreign exchange movement RM	31 December 2018 RM
Group				
Finance lease liabilities	5,295,471	5,398,888	-	10,694,359
Revolving credits	465,556,213	(79,595,089)	-	385,961,124
Term loans	261,513,055	6,281,347	-	267,794,402
	732,364,739	(67,914,854)	-	664,449,885

	1 January 2017 RM	Cash flows RM	Non-cash Foreign exchange movement RM	31 December 2017 RM
Group				
Finance lease liabilities	21,304,530	(14,922,715)	(1,086,344)	5,295,471
Revolving credits	503,261,810	(37,705,597)	-	465,556,213
Term loans	260,879,593	633,462	-	261,513,055
	785,445,933	(51,994,850)	(1,086,344)	732,364,739

Company

Changes in liabilities arising from financing activities are changes arising from cash flows.

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

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018

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 disclosed in Note 9.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 April 2019.

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 Explanation of transition to MFRSs and change in accounting policy

(a) Transition to MFRSs

The financial statements of the Group and of the Company for the financial year ended 31 December 2018 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. For periods up to and including the financial year ended 31 December 2017, the Group and the Company prepared their financial statements in accordance with the Financial Reporting Standards ("FRSs") in Malaysia.

In preparing these financial statements, the Group's and the Company's opening MFRSs statements of financial position were prepared as at 1 January 2017 (the date of transition to MFRSs).

The Group and the Company have consistently applied the same accounting policies in the preparation of the financial statements of the Group and of the Company for the financial year ended 31 December 2018, the comparative financial statements for the financial year ended 31 December 2017, and the opening MFRSs statements of financial position as at 1 January 2017, other than those as discussed below.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

2. BASIS OF PREPARATION (cont'd)

2.2 Explanation of transition to MFRSs and change in accounting policy (cont'd)

(a) Transition to MFRSs (cont'd)

Following the adoption of MFRSs framework, the Group and the Company also have adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

New MFRSs	
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Amendments/Improvements to MFRSs	
MFRS 1	First-time Adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

New IC Int	
IC Int 22	Foreign Currency Transactions and Advance Consideration

The transition to the MFRSs framework does not have any significant effect on the financial statements of the Group and of the Company except for those discussed below.

(i) Exemption for Business Combinations

MFRS 1 provides the option to apply MFRS 3 *Business Combinations*, prospectively from the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition. For the acquisition before date of transition i.e. 1 January 2017, the Group has elected to apply MFRS 3 prospectively from the date of transition. In addition, the Group has also applied the exemption for MFRS 10 *Consolidated Financial Statements*.

(ii) MFRS 9 *Financial Instruments*

MFRS 9 replaced the guidance of MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

The Group and the Company have opted to adopt the short-term exemption from the requirement to restate the comparative information for MFRS 9 where the comparative information in the Group's and the Company's first MFRS financial statements need not comply with MFRS 7 *Financial Instruments: Disclosures* or the completed version of MFRS 9, to the extent that the disclosures required by MFRS 7 relate to items within the scope of MFRS 9. The date of transition to MFRS 7 and MFRS 9 is the beginning of the first MFRS reporting period (1 January 2018).

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

2. BASIS OF PREPARATION (cont'd)

2.2 Explanation of transition to MFRSs and change in accounting policy (cont'd)

(a) Transition to MFRSs (cont'd)

(ii) MFRS 9 *Financial Instruments* (cont'd)

(a) Classification and measurement

The following are the changes in the classification of the Group's and the Company's financial assets:

Loans and receivables classified as amortised cost

Trade and other receivables, and cash and short-term deposits previously classified as Loans and Receivables under FRS 139 as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

In summary, the Group and the Company had the following required reclassifications as at 1 January 2018:

FRS 139 measurement category	RM	MFRS 9 measurement category Amortised cost RM
Financial assets		
Group		
Loans and receivables		
Trade and other receivables*	107,106,970	107,106,970
Cash and short-term deposits	22,600,377	22,600,377
	129,707,347	129,707,347
Company		
Loans and receivables		
Trade and other receivables	3,843,205	3,843,205
Cash and short-term deposits	116,274	116,274
	3,959,479	3,959,479

** excludes GST refundable*

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

2. BASIS OF PREPARATION (cont'd)

2.2 Explanation of transition to MFRSs and change in accounting policy (cont'd)

(a) Transition to MFRSs (cont'd)

(ii) MFRS 9 *Financial Instruments* (cont'd)

(b) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording expected credit losses on all its trade and other receivables, either on a 12-month or lifetime basis.

Accordingly, the Group recognised additional impairment losses on its trade and other receivables of RM2,366,897 arising from the application of simplified approach to record the lifetime expected credit losses.

The effect of adopting MFRS 9 as at 1 January 2018 was as follows:

	Adjustment Note	Group At 1 January 2018 RM
Asset		
Trade and other receivables	**(b)**	(2,366,897)
Total asset		(2,366,897)
Total adjustment on equity:		
Retained earnings	**(b)**	(2,366,897)
		(2,366,897)

(iii) MFRS 15 *Revenue from Contracts with Customers*

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

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

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

2. BASIS OF PREPARATION (cont'd)

2.2 Explanation of transition to MFRSs and change in accounting policy (cont'd)

(a) Transition to MFRSs (cont'd)

(iii) MFRS 15 *Revenue from Contracts with Customers* (cont'd)

The Group and the Company have applied MFRS 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as permitted under the standard. The Group has elected the practical expedients as follows:

- to apply the standard only to contracts that are not completed as at 1 January 2017 and those contracts begin and end within the same annual reporting period;
- not to restate contracts that are modified as at 1 January 2017; and
- not disclosing the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue for the comparative period.

The adoption of MFRS 15 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to contracts with customers, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and of the Company, except for those as discussed below:

(a) Capitalisation of costs of obtaining contracts

The Group incurred incremental commission fees paid to intermediaries in connection with obtaining property sales contracts. When the Group expects that these incremental costs will be recovered, they capitalise these costs and amortise them over the period during which the property is transferred to the customer. These amounts were previously expensed as incurred.

(b) Timing of recognition for sales of properties

The Group's existing accounting policy is to recognise revenue from the sale of properties under development by reference to the stage of completion when the final outcome of the development activities can be reliably estimated.

Under MFRS 15, revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset may transfer over time or at a point in time.

Under MFRS 15, the Group is recognising revenue from property development over time if the Group's performance does not create an asset with alternative use to the Group and it has an enforceable right to payment for performance completed to date. The measure of the progress towards complete satisfaction of the performance obligation is based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the development costs incurred to date to the estimated total development costs) when it is probable that the Group will collect the consideration of the sale of the property to which it is entitled.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

2. BASIS OF PREPARATION (cont'd)

2.2 Explanation of transition to MFRSs and change in accounting policy (cont'd)

(iii) MFRS 15 *Revenue from Contracts with Customers* (cont'd)

(c) Determining the transaction price

Upon adoption of MFRS 15, in determining the transaction price, the Group assesses the estimated transaction price after considering the effects of variable consideration such as discounts and consideration payable to customers.

(d) Other adjustments

The above changes also resulted in adjustments on other items such as deferred taxes and retained earnings.

(e) Presentation of contract assets and contract liabilities

The Group has changed the presentation of certain amounts in the statements of financial position to reflect the terminology of MFRS 15:

(i) Contract assets recognised in relation to property development contracts which were previously presented as accrued billings under other current assets.
(ii) Contract liabilities recognised in relation to property development contracts which were previously presented as progress billings under other current liabilities.
(iii) Contract liabilities/assets recognised in relation to construction contracts which were previously presented as part of amount due to/from contract customers.

(f) Presentation of land held for property development and property development costs

The Group has reclassified the land held for property development and property development costs to inventories with separate disclosure of these balances made in the notes to the financial statements.

(iv) Borrowing costs

In the previous financial years, under FRSs framework, borrowing costs incurred on property under development were capitalised in property development costs. In March 2019, the IFRS Interpretations Committee ("IFRIC") has issued an agenda decision concluding that receivable, contract asset and inventory (work-in-progress) for unsold units under construction are not qualifying assets in relation to the construction of a residential multi-unit real estate development (building). Accordingly, an entity does not capitalise borrowing costs on those assets in accordance to the principle and requirements of IAS 23 *Borrowing Costs*.

Upon adoption of MFRSs framework, the Group changed its accounting policy of not capitalising borrowing costs incurred on property under development when the properties are ready for their intended sale in their current condition. The change in accounting policy was applied retrospectively from the date of transition as permitted in MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. The Group elected to apply the optional exemption to not restate the borrowing costs that were capitalised under FRSs framework and that were included in the carrying amount of the assets at the date of transition and shall account for borrowing costs, incurred on or after that date in accordance with MFRS 123 *Borrowing Costs*, including those borrowing costs incurred on or after that date on qualifying assets already under construction.

The effect of the change in accounting policy has been disclosed in Note 2.2(b).

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

2. BASIS OF PREPARATION (cont'd)

2.2 Explanation of transition to MFRSs and change in accounting policy (cont'd)

(b) (i) Statements of financial position

	Note	As previously reported (under FRSs) RM	Effect of MFRSs adjustments RM	As restated (under MFRSs) RM
Group				
At 1 January 2017				
Land held for property development	**2.2(a)**	377,553,907	(377,553,907)	-
Property development cost	**2.2(a)**	373,459,149	(373,459,149)	-
Inventories:				
- Properties held for development	**2.2(a)**	-	377,553,907	377,553,907
- Properties under development	**2.2(a)**	-	385,238,926	385,238,926
- Completed properties and others	**2.2(a)**	71,370,287	56,641,075	128,011,362
Deferred tax assets	**2.2(a)**	55,846,825	15,112,338	70,959,163
Contract assets	**2.2(a)**	-	5,352,250	5,352,250
Contract liabilities	**2.2(a)**	-	163,425,177	163,425,177
Other current assets	**2.2(a)**	22,803,228	(3,009,941)	19,793,287
Other current liabilities	**2.2(a)**	29,588,327	(29,588,327)	-
Deferred tax liabilities	**2.2(a)**	41,987,728	279,837	42,267,565
Retained earnings	**2.2(a)**	350,601,747	(48,241,188)	302,360,559
Total equity	**2.2(a)**	907,373,929	(48,241,188)	859,132,741
At 31 December 2017				
Land held for property development	**2.2(a)**	388,410,819	(388,410,819)	-
Property development cost	**2.2(a)**	410,093,135	(410,093,135)	-
Inventories:				
- Properties held for development	**2.2(a)**	-	388,410,819	388,410,819
- Properties under development	**2.2(a)**	-	420,234,833	420,234,833
- Completed properties and others	**2.2(a)**	82,719,733	26,029,317	108,749,050
Deferred tax assets	**2.2(a)**	59,168,275	13,136,593	72,304,868
Contract assets	**2.2(a)**	-	2,354,781	2,354,781
Contract liabilities	**2.2(a)**	-	164,116,132	164,116,132
Other current assets	**2.2(a)**	12,515,898	3,410,785	15,926,683
Other current liabilities	**2.2(a)**	73,781,173	(73,781,173)	-
Deferred tax liabilities	**2.2(a)**	40,504,037	2,142,673	42,646,710
Retained earnings	**2.2(a)**	383,069,885	(37,404,458)	345,665,427
Total equity	**2.2(a)**	936,715,592	(37,404,458)	899,311,134

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

2. BASIS OF PREPARATION (cont'd)

2.2 Explanation of transition to MFRSs and change in accounting policy (cont'd)

(b) (ii) Reconciliation of total comprehensive income

	Note	2017 RM
Group		
Total comprehensive income as reported under FRSs		29,341,663
Add/(less):		
Effect of transition to MFRSs		
- Inventories		
- Properties under development	**2.2(a)**	(13,685,288)
- Other current assets	**2.2(a)**	1,780,117
- Contract liabilities	**2.2(a)**	26,580,482
- Deferred tax assets	**2.2(a)**	(1,975,745)
- Deferred tax liabilities	**2.2(a)**	(1,862,836)
		10,836,730
Total comprehensive income as restated under MFRSs		40,178,393

(iii) Reconciliation of statements of cash flows

There is no difference in the net operating, investing and financing cash flows between the restated statements of cash flows presented under the MFRSs and the statements of cash flows presented under the FRSs.

(iv) Reconciliation of earnings per share

	2017 sen per share
Group	
Basic/Diluted earnings per share as reported under FRSs	6.14
Add/(less):	
Effect of transition to MFRSs	2.10
Basic/Diluted earnings per share as restated under MFRSs	8.24

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretations ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021 #
MFRS 2	Share-based Payment	1 January 2020 *
MFRS 3	Business Combinations	1 January 2019 / 1 January 2020 */ 1 January 2021 #
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021 #
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020 *
MFRS 7	Financial Instruments: Disclosures	1 January 2021 #
MFRS 9	Financial Instruments	1 January 2019 / 1 January 2021 #
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020 *
MFRS 15	Revenue from Contract with Customers	1 January 2021 #
MFRS 101	Presentation of Financial Statements	1 January 2020 */ 1 January 2021 #
MFRS 107	Statement of Cash Flows	1 January 2021 #
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020 *
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021 #
MFRS 119	Employee Benefits	1 January 2019 / 1 January 2021 #
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019 / Deferred / 1 January 2021 #
MFRS 132	Financial Instruments: Presentation	1 January 2021 #
MFRS 134	Interim Financial Reporting	1 January 2020 *
MFRS 136	Impairment of Assets	1 January 2021 #
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020 */ 1 January 2021 #
MFRS 138	Intangible Assets	1 January 2020 */ 1 January 2021 #
MFRS 140	Investment Property	1 January 2021 #

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretations ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (cont'd)

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective: (cont'd)

		Effective for financial periods beginning on or after
New IC Int		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020 *
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020 *
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020 *
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020 *
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020 *

* *Amendments to References to the Conceptual Framework in MFRS Standards*
# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

(a) The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises and equipment on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 January 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretations ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (cont'd)

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

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

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

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretations ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (cont'd)

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised *Conceptual Framework for Financial Reporting* and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information needs to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

(b) The Group is currently performing an analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int.

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, unless otherwise stated.

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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

2. BASIS OF PREPARATION (cont'd)

2.6 Use of estimates and judgement

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.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4.

3. SUMMARY OF 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

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(a) Subsidiaries and business combination (cont'd)

For a new acquisition, goodwill is initially measured at cost, being the excess of the following: (cont'd)

- 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.

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(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.

3.2 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).

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).

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Foreign currency transactions and operations (cont'd)

(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.

Accounting policies applied from 1 January 2018

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(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.

Debt instruments

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). 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). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(a) Subsequent measurement (cont'd)

The Group and the Company categorise the financial instruments as follows: (cont'd)

(i) Financial assets (cont'd)

Debt instruments (cont'd)

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: (cont'd)

- **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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(a) Subsequent measurement (cont'd)

The Group and the Company categorise the financial instruments as follows: (cont'd)

(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

Financial liabilities at fair value through profit or loss

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 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(d) Derecognition (cont'd)

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.

(e) 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.

Accounting policies applied until 31 December 2017

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

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 and the host contract is not categorised 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) Subsequent measurement

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

(i) Financial assets

Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a). Gains and losses are recognised in profit or loss through the amortisation process.

(ii) Financial liabilities

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

Accounting policies applied until 31 December 2017 (cont'd)

(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 best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(c) Regular way purchase or sale of financial assets

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income 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.

(e) Offsetting of financial instruments

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

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).

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Property, plant and equipment (cont'd)

(a) Recognition and measurement (cont'd)

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.

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, other than bearer plants, 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:

Long-term leasehold land	1% - 3%
Buildings	1% - 2%
Plant and machinery	20%
Motor vehicles	20%
Tennis court	10%
Office equipment, furniture, fittings and renovations	10% - 20%
Crockery, glassware, cutlery, carpet and linen	12.5% - 25%

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

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.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(b) Lessor accounting

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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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).

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.

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%.

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 their 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).

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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Inventories (cont'd)

Properties held for development

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.

Properties under development

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.

Completed properties

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).

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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Impairment of assets

(a) Impairment of financial assets and contract assets

Accounting policies applied from 1 January 2018

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), lease receivables, contract assets or a loan commitment 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:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities 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.

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 270 days past due.

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

- the borrower 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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Impairment of assets (cont'd)

(a) Impairment of financial assets and contract assets (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

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.

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 issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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 statement 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.

Accounting policies applied until 31 December 2017

At each reporting date, all financial assets (except for investment in subsidiaries) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Impairment of assets (cont'd)

(a) Impairment of financial assets and contract assets (cont'd)

Accounting policies applied until 31 December 2017 (cont'd)

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Impairment of assets (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Share capital

(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.

3.14 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 year 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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 Provisions (cont'd)

(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.

(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 in the property development business 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 from sale of good or service 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 such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Revenue and other income (cont'd)

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.

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. If 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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Revenue and other income (cont'd)

(a) Property development (cont'd)

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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Revenue and other income (cont'd)

(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) Interest income

Interest income is recognised using the effective interest method.

(f) Project management consultation

Revenue from a contract to project management services is recognised at a point in time as the services are rendered.

(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.

3.17 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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 year, 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, unused 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, 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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

3.22 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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.23 Contract costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling 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.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all of the following criteria are met:

(a) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

(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, i.e. in accordance with the pattern of transfer of 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 entity 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.

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 entity would have recognised is one year or less.

NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2018 (cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(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, including forecast growth rates, inflation rates and gross profit margin. 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 8.

(b) Property development revenue and expenses

The Group recognised property development revenue and expenses 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 that property development costs incurred for work performed to date bear to the estimated total property development costs.

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 expenses, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The property development revenue and expenses are disclosed in Notes 21 and 22.

(c) Provision for future operating lease commitment

The Group recognised provision for future operating lease commitment where the expected benefits to be derived from the non-cancellable leaseback properties is less than the operating lease commitment. Significant assumptions and judgement are used in the estimation of the future income, expenses and discount rate of the leaseback properties.

The carrying amount of the Group's provision is disclosed in Note 19.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Long term leasehold 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
2018										
Cost										
At 1 January 2018	86,026,074	49,746,169	11,605,296	57,245,831	6,846,542	70,004	17,903,147	910,296	1,067,723	231,421,082
Additions	4,110	842,222	-	78,378	9,348	-	394,446	2,320,954	-	3,649,458
Disposals	(59,955)	-	-	-	-	-	-	-	-	(59,955)
Written off	-	-	-	(70,510)	-	-	(220,990)	-	-	(291,500)
Exchange differences	-	-	-	276,482	-	-	-	-	-	276,482
At 31 December 2018	85,970,229	50,588,391	11,605,296	57,530,181	6,855,890	70,004	18,076,603	3,231,250	1,067,723	234,995,567
Accumulated depreciation										
At 1 January 2018	-	1,922,027	2,563,804	41,715,619	5,831,614	70,002	8,676,686	897,421	-	61,677,173
Depreciation charge for the financial year	-	594,518	359,031	7,060,310	429,730	-	2,621,830	138,297	-	11,203,716
Disposals	-	-	-	-	-	-	-	-	-	-
Written off	-	-	-	(63,459)	-	-	(140,529)	-	-	(203,988)
Exchange differences	-	-	-	248,981	-	-	-	-	-	248,981
At 31 December 2018	-	2,516,545	2,922,835	48,961,451	6,261,344	70,002	11,157,987	1,035,718	-	72,925,882
Carrying amount										
At 31 December 2018	85,970,229	48,071,846	8,682,461	8,568,730	594,546	2	6,918,616	2,195,532	1,067,723	162,069,685

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group (cont'd)	**Freehold land RM**	**Long term leasehold 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**
2017										
Cost										
At 1 January 2017	85,888,931	36,876,785	11,604,856	85,196,790	6,776,990	70,004	17,844,495	905,607	1,166,082	246,330,540
Additions	137,143	12,869,384	440	1,450,245	108,180	-	291,828	4,689	376,548	15,238,457
Disposals	-	-	-	(24,061,648)	(38,628)	-	-	-	(474,907)	(24,575,183)
Written off	-	-	-	-	-	-	(233,176)	-	-	(233,176)
Exchange differences	-	-	-	(5,339,556)	-	-	-	-	-	(5,339,556)
At 31 December 2017	86,026,074	49,746,169	11,605,296	57,245,831	6,846,542	70,004	17,903,147	910,296	1,067,723	231,421,082
Accumulated depreciation										
At 1 January 2017	-	1,245,576	2,204,772	46,491,793	5,134,730	70,002	7,402,453	798,054	-	63,347,380
Depreciation charge for the financial year	-	676,451	359,032	10,001,917	735,512	-	1,483,405	99,367	-	13,355,684
Disposals	-	-	-	(13,595,973)	(38,628)	-	(209,172)	-	-	(13,843,773)
Written off	-	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	(1,182,118)	-	-	-	-	-	(1,182,118)
At 31 December 2017	-	1,922,027	2,563,804	41,715,619	5,831,614	70,002	8,676,686	897,421	-	61,677,173
Carrying amount										
At 1 January 2017	85,888,931	35,631,209	9,400,084	38,704,997	1,642,260	2	10,442,042	107,553	1,166,082	182,983,160
At 31 December 2017	86,026,074	47,824,142	9,041,492	15,530,212	1,014,928	2	9,226,461	12,875	1,067,723	169,743,909

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Assets under finance leases

The carrying amount of assets under finance lease arrangement are as follows:

	Group		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Plant and machineries	11,940,067	10,005,374	26,282,008

(b) Assets pledged as security

Freehold land and long-term leasehold land with a carrying amount of RM128,624,721 (31.12.2017: RM115,937,532; 1.1.2017: RM115,937,532) has been pledged as security to secure banking facilities of the Group as disclosed in Note 18.

6. INVESTMENT PROPERTIES

	Group	
	2018 RM	**2017 RM**
Cost		
At 1 January	319,745,950	362,331,032
Additions	1,669,080	8,577,149
Disposals	-	(51,162,231)
At 31 December	321,415,030	319,745,950
Accumulated depreciation		
At 1 January	11,784,131	9,793,135
Depreciation charge for the financial year	7,162,665	1,990,996
At 31 December	18,946,796	11,784,131
Carrying amount		
At 1 January	307,961,819	352,537,897
At 31 December	302,468,234	307,961,819
Estimated fair value		
At 1 January	644,142,490	727,958,691
At 31 December	864,553,222	644,142,490

Investment properties comprise 19 units of double-storey shophouses, commercial buildings, a sports complex, shopping complex, vacant land and an international school.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

6. INVESTMENT PROPERTIES (cont'd)

Freehold and leasehold investment properties with a carrying amount of RM268,033,552 (31.12.2017: RM241,823,183; 1.1.2017: RM291,288,776) has been pledged as security to secure banking facilities of the Group as disclosed in Note 18.

Fair value information

Fair value of investment properties is categorised as follows:

	Group Level 3 RM
31.12.2018	
Investment properties	864,553,222
31.12.2017	
Investment properties	644,142,490
1.1.2017	
Investment properties	727,958,691

There are no Level 1 or Level 2 investment properties or transfers between Level 1 and Level 2 during the financial year ended 31 December 2018 or 31 December 2017.

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 by reference to similar properties in the locality and adjusting for location, terrain, size, present market trends and other differences. The most significant input into this valuation approach is price per square foot of comparable properties.

7. INVENTORIES

	Group		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
At cost			
Non-current			
Properties held for development			
- Freehold land	250,318,566	275,294,722	270,768,613
- Leasehold land	20,692,501	30,168,748	35,528,639
- Development costs	87,317,744	82,947,349	71,256,655
	358,328,811	388,410,819	377,553,907

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

7. INVENTORIES (cont'd)

	Group		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
At cost			
Current			
Properties under development			
- Freehold land	113,460,612	144,493,379	150,784,260
- Leasehold land	327,488	4,317,059	4,345,758
- Development costs	122,550,570	271,424,394	230,108,908
Completed properties	305,004,822	108,149,378	126,919,726
Building materials and consumables	392,244	-	361,773
Stationeries and housekeeping supplies	733,068	599,672	729,863
	542,468,804	528,983,883	513,250,288
	900,797,615	917,394,702	890,804,195

(a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM156,084,753 (2017: RM128,463,345).

(b) The following properties are pledged as security to secure banking facilities granted to the Group as disclosed in Note 18:

	Group		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Properties held for development	165,569,172	194,688,204	194,113,572
Properties under development	236,118,125	435,652,114	385,238,926
Completed properties	7,813,414	7,810,414	7,810,414

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

	Group	
	2018 RM	2017 RM
Depreciation of property, plant and equipment	955,195	955,220
Employee benefits expense (Note (i))	714,852	1,902,490
Rental of plant and machineries	3,442,875	4,509,185

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

7. INVENTORIES (cont'd)

(c) (i) Included in employee benefits expense are:

	Group 2018 RM	2017 RM
Salaries, bonus and other staff related costs	646,797	1,734,142
Employees Provident Fund	60,439	154,669
SOCSO	7,616	13,679
	714,852	1,902,490

(d) Titles of certain properties held for development of the Group with carrying amount of RM102,557,633 (31.12.2017: RM167,499,015; 1.1.2017: RM167,460,889) are registered under the names of the previous proprietors.

(e) Titles of certain properties under development of the Group with carrying amount of RM3,876,694 (31.12.2017: RM9,848,430; 1.1.2017: RM9,913,654) are registered under the name of a third party.

(f) Titles of certain properties held for development of the Group with carrying amount of RM Nil (31.12.2017: RM27,250,156; 1.1.2017: RM27,250,156) have been on lien holder's caveat by the vendor's financier.

8. GOODWILL ON CONSOLIDATION

	Group		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Goodwill on consolidation	17,626,036	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.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

9. INVESTMENT IN SUBSIDIARIES

	Company		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
At cost			
Unquoted shares	552,221,584	552,221,584	552,021,586
Less: Impairment loss	(12,600,000)	(12,600,000)	(12,600,000)
	539,621,584	539,621,584	539,421,586
Loans that are part of net investments	29,396,346	29,396,346	-
	569,017,930	569,017,930	539,421,586

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.

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 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal activities
Kar Sin Berhad	100	100	100	Property development and, cultivation and sale of oil palm produce
YNH Construction Sdn. Bhd.	100	100	100	General contracting
D'Kiara Place Sdn. Bhd. **	100	100	100	Property development and provision of consultancy services
YNH Hospitality Sdn. Bhd.	100	100	100	Provision of management services, lodging facilities and property investment holding
YNH Services Sdn. Bhd.	100	100	100	Provision of management services and lodging facilities
YNH Land Sdn. Bhd.	97	97	97	Property investment holding
Green Mirage Sdn. Bhd.	100	100	100	Property investment holding
Kiara Desaru Sdn. Bhd.	100	100	100	Property investment holding

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

9. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of company	Ownership interest 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal activities
YNH Engineering Sdn. Bhd.	100	100	100	General contracting
YNH Electrical Engineering Sdn. Bhd.	100	100	100	General contracting
YNH Ready Mix Sdn. Bhd.	100	100	100	Rental of plant and equipment
Sky High Corporation ^ *	100	100	100	Rental of plant and machinery
YNH Hardware Sdn. Bhd.	100	100	100	Dormant
YNH Communication Engineering Sdn. Bhd.	100	100	100	Dormant
YNH Utility Sdn. Bhd. @	100	100	100	Energy and utility provider
Desaru Ace Services Sdn. Bhd.	100	100	100	Dormant
Subsidiaries of Kar Sin Berhad				
Hotel Sfera Sdn. Bhd.	100	100	100	Operation and management of a hotel and its related business and property investment holding
Mesra Unggul Sdn. Bhd.	100	100	100	Property investment holding and development
Bay Clubhouse Sdn. Bhd.	100	100	100	Property investment holding
YNH Land Sdn. Bhd.	3	3	3	Property investment holding
Benua Kukuh Sdn. Bhd.	100	100	100	Property investment holding
YNH Realty Sdn. Bhd.	100	100	100	Marketing agent

^ Audited by a firm of chartered accountants affiliated with Baker Tilly Monteiro Heng PLT.
* Incorporated and has principal place of business in the Federal Territory of Labuan, Malaysia.
** D'Kiara Place Sdn Bhd's shares are held in trust by Kar Sin Berhad as a trustee for the Company.
@ The Company fully subscribed for 199,998 new ordinary shares in the subsidiary in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2018 RM	2017 RM
Deferred tax assets		
At 1 January		
- As previously reported under FRSs	59,168,275	55,846,825
- Effect of transition to MFRSs	13,136,593	15,112,338
- As restated under MFRSs	72,304,868	70,959,163
Recognised in profit or loss (Note 26)	16,046,451	1,345,705
At 31 December	88,351,319	72,304,868
Deferred tax liabilities		
At 1 January		
- As previously reported under FRSs	(40,504,037)	(41,987,728)
- Effect of transition to MFRSs	(2,142,673)	(279,837)
- As restated under MFRSs	(42,646,710)	(42,267,565)
Recognised in profit or loss (Note 26)	3,815,141	(379,145)
At 31 December	(38,831,569)	(42,646,710)

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

Deferred tax relates to the following:

	Group 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Deferred tax assets			
Deductible temporary differences in respect of expenses	-	1,403,552	79,830
Arising from transfer of property development cost or inventories to investment properties	1,351,700	1,351,742	1,351,742
Differences between the carrying amount of property, plant and equipment and its tax base	(81,300)	(133,585)	(813,042)
Interest attributable to property development cost	36,357,096	28,153,701	22,716,225
Provision for future operating lease commitment	995,000	1,995,701	4,083,849
Unrealised profit on development properties	49,728,823	39,533,757	43,540,559
	88,351,319	72,304,868	70,959,163

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

10. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Deferred tax relates to the following: (cont'd)

	Group		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Deferred tax liabilities			
Taxable/(Deductible) temporary differences in respect of (income)/expenses	(45,303)	588,656	38,040
Differences between the carrying amount of property, plant and equipment and its tax base	(440,494)	(1,247,947)	(522,122)
Fair value adjustment on consolidation	(38,345,772)	(41,987,419)	(41,783,483)
	(38,831,569)	(42,646,710)	(42,267,565)

Unrecognised deferred tax assets

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

	Group		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Investment tax allowance	2,201,000	2,201,002	2,201,002
Unutilised tax losses	54,565,000	54,616,865	47,764,472
Unabsorbed capital allowances	8,908,100	7,317,055	6,491,329
Provision for future operating lease commitment	2,314,000	7,136,000	-
	67,988,100	71,270,922	56,456,803

11. OTHER NON-CURRENT/CURRENT ASSETS

	Note	Group 31.12.2018 RM	Group 31.12.2017 RM	Group 1.1.2017 RM	Company 31.12.2018 RM	Company 31.12.2017 RM	Company 1.1.2017 RM
Non-current							
Deposits for joint venture and turnkey contracts	**(a)**	511,197,470	463,205,670	398,536,670	-	-	-
Current							
Costs to obtain contracts	**(b)**	5,294,579	5,765,566	5,142,309	-	-	-
Deposits for acquisition of development lands		125,211	125,213	125,211	-	-	-
Mobilisation deposits	**(c)**	8,808,932	8,808,932	13,598,463	-	-	-
Prepayments		947,313	1,226,972	927,304	2,077	2,077	2,077
		15,176,035	15,926,683	19,793,287	2,077	2,077	2,077
		526,373,505	479,132,353	418,329,957	2,077	2,077	2,077

(a) Deposits for joint venture and turnkey contracts

The security deposits for joint venture and turnkey contract are for development work which has yet to commence. The directors are reasonably optimistic that these development works will commence in the future and therefore ensure the recoverability of the security deposits.

Security deposits amounting to RM511,197,470 (31.12.2017: RM463,205,670; 1.1.2017: RM398,536,670) related to freehold land and leasehold land are pledged to secure banking facilities granted to the Group as disclosed in Note 18.

(b) 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 2018, amortisation amounting to RM2,856,565 (2017: RM5,548,501) was recognised as part of administrative expenses. There was no impairment loss in relation to the costs capitalised.

(c) Mobilisation deposits

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

12. TRADE AND OTHER RECEIVABLES

	Note	Group 31.12.2018 RM	Group 31.12.2017 RM	Group 1.1.2017 RM	Company 31.12.2018 RM	Company 31.12.2017 RM	Company 1.1.2017 RM
Non-current:							
Non-trade							
Other receivables	**(a)**	-	3,318,418	4,935,486	-	-	-
Current:							
Trade							
Trade receivables from contracts with customers		135,516,266	98,125,620	147,845,794	-	-	-
Less: Allowance for impairment loss		(4,159,414)	(11,071,384)	(838,395)	-	-	-
	(b)	131,356,852	87,054,236	147,007,399	-	-	-
Non-trade							
Other receivables		16,293,861	16,274,725	12,741,805	-	-	-
Less: Allowance for impairment loss		(4,362,915)	(724,318)	(1,343,379)	-	-	-
	(a)	11,930,946	15,550,407	11,398,426	-	-	-
GST refundable		4,359,921	5,695,756	2,815,571	-	-	-
Deposits		4,648,649	3,550,806	3,667,341	-	-	-
Amount owing by subsidiaries	**(c)**	-	-	-	3,843,205	3,843,205	33,239,551
		20,939,516	24,796,969	17,881,338	3,843,205	3,843,205	33,239,551
Total trade and other receivables (Current)		152,296,368	111,851,205	164,888,737	3,843,205	3,843,205	33,239,551
Total trade and other receivables (Non-current and current)		152,296,368	115,169,623	169,824,223	3,843,205	3,843,205	33,239,551

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

12. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Other receivables

Included in other receivables of the Group are amounts of:

(i) RM614,088 (31.12.2017: RM614,088; 1.1.2017: RM614,088) advanced to a third party in connection with a turnkey construction agreement for the construction of residential properties;

(ii) RM3,077,760 (31.12.2017: RM5,163,486; 1.1.2017: RM7,557,355) being housing loan interest paid in advance for the purchasers during the development period which will be settled by the purchasers upon completion of the properties; and

(iii) RM270,562 (31.12.2017: RM135,350; 1.1.2017: RM219,343) owing by a company related to a director of the Company arising from the sale of building materials. This amount is unsecured, non-interest bearing and on credit term of 30 days.

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

	Group	
	2018 RM	2017 RM
At 1 January	724,318	1,343,379
Effect of adoption of MFRS 9	2,366,897	-
	3,091,215	1,343,379
Charge for the financial year (Note 24)	1,343,532	121,310
Reversal of impairment losses (Note 24)	(71,832)	(740,371)
At 31 December	4,362,915	724,318

Loss allowance disclosed in comparative period is based on incurred loss model in accordance with FRS 139 *Financial Instruments: Recognition and Measurement*.

Other receivables that are individually determined to be impaired at 31 December 2017 relate to debtors that are in significant financial difficulties and have defaulted on payments. The Group does not hold any collateral or credit enhancements over these balances.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

12. TRADE AND OTHER RECEIVABLES (cont'd)

(b) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 14 to 180 days (31.12.2017: 14 to 180 days; 1.1.2017: 14 to 180 days) from the date of invoices. Credit terms for sales of commercial properties ranges from 14 to 270 days (31.12.2017: 14 to 270 days; 1.1.2017: 14 to 270 days).

Included in trade receivables of the Group are amounts of:

(i) RM11,225,981 (31.12.2017: RM793,666; 1.1.2017: RM5,666,456) owing by a company related to a director of the Company;

(ii) RM6,382,889 (31.12.2017: RM8,534,804; 1.1.2017: RM22,474,955) owing by certain directors of the Company;

(iii) RM4,987,861 (31.12.2017: RM3,307,200; 1.1.2017: RM9,097,968) owing by persons related to directors of the Company; and

(iv) RM521,033 (31.12.2017: RM6,060,449; 1.1.2017: RM15,556,979) being retention sums held by stakeholders.

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 is as follows

	Group	
	2018	**2017**
	RM	**RM**
At 1 January	11,071,384	838,395
Charge for the financial year (Note 24)	2,658,030	10,232,989
Reversal of impairment losses (Note 24)	(3,030,000)	-
Written off	(6,540,000)	-
At 31 December	4,159,414	11,071,384

Loss allowance disclosed in comparative period is based on incurred loss model in accordance with FRS 139 *Financial Instruments: Recognition and Measurement*.

Trade receivables that are individually determined to be impaired at 31 December 2017 relate to debtors that are in significant financial difficulties and have defaulted on payments. The Group does not hold any collateral or credit enhancements over these balances.

The information about the credit exposures are disclosed in Note 29(b)(i).

(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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

13. CONTRACT ASSETS/(LIABILITIES)

	Group 31.12.2018 RM	Group 31.12.2017 RM	Group 1.1.2017 RM
Contracts assets relating to property development contracts	46,173,287	65,404	863,736
Contract assets relating to construction service contracts	1,568,658	2,289,377	4,488,514
Total contract assets	47,741,945	2,354,781	5,352,250
Contracts liabilities relating to advances received from purchasers	12,380,258	164,116,132	163,425,177
Contracts liabilities relating to progress billings	180,182,211	-	-
Total contract liabilities	192,562,469	164,116,132	163,425,177

(a) Significant changes in contract balances

	Group 31.12.2018 Contract assets Increase/ (decrease) RM	Group 31.12.2018 Contract liabilities Increase/ (decrease) RM	Group 31.12.2017 Contract assets Increase/ (decrease) RM	Group 31.12.2017 Contract liabilities Increase/ (decrease) RM
Revenue recognised that was included in contract liability at the beginning of the financial year	-	(86,253,915)	-	(69,293,210)
Increases due to progress billings, or cash received excluding amounts recognised as revenue during the period	-	114,700,253	-	69,984,164
Increases due to revenue recognised during the period but no right to consideration	47,714,444	-	1,785,026	-
Transfer from contract assets recognised at the beginning of the period to receivables	(2,327,280)	-	(4,782,495)	-

14. CASH AND SHORT-TERM DEPOSITS

	Group			Company		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**	**31.12.2018 RM**	**31.12.2017 RM**	**1.1.2017 RM**
Cash and bank balances	12,682,132	22,017,824	34,061,290	92,127	116,274	185,660
Short-term deposits	695,506	582,553	570,734	-	-	-
Short term fund						
- redeemable at call	-	-	434,686	-	-	-
	13,377,638	22,600,377	35,066,710	92,127	116,274	185,660

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

	Group			Company		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**	**31.12.2018 RM**	**31.12.2017 RM**	**1.1.2017 RM**
Short-term deposits and short-term fund	695,506	582,553	1,005,420	-	-	-
Less: Pledged deposits	(695,506)	(582,553)	(570,734)	-	-	-
	-	-	434,686	-	-	-
Cash and bank balances	12,682,132	22,017,824	34,061,290	92,127	116,274	185,660
Bank overdrafts (Note 18)	(106,209,731)	(88,511,075)	(119,126,410)	-	-	-
	(93,527,599)	(66,493,251)	(84,630,434)	92,127	116,274	185,660

14. CASH AND SHORT-TERM DEPOSITS (cont'd)

Included in the short-term deposits of the Group is an amount of RM695,506 (31.12.2017: RM582,553; 1.1.2017: RM548,706) pledged as security to secure bank guarantees granted to the Group.

Included in cash and bank balances of the Group is an amount of RM2,586,214 (31.12.2017: RM9,791,562; 1.1.2017: RM25,185,157) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

Included in short-term deposits of the Group is an amount of RM161,420 (31.12.2017: RM156,186; 1.1.2017: RM156,186) 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		
	31.12.2018 Days	**31.12.2017 Days**	**1.1.2017 Days**	**31.12.2018 %**	**31.12.2017 %**	**1.1.2017 %**
Group						
Short-term deposits	30 - 365	15 - 352	15 - 352	2.55 - 3.35	2.15 - 3.15	2.15 - 3.15

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

15. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		← Amount →	
	2018 Units	2017 Units	2018 RM	2017 RM
Issued and fully paid up:				
At 1 January/31 December	528,999,579	528,999,579	528,999,579	528,999,579

Effective from 31 January 2017, the new Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

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

16. 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.

On 28 September 2018, the Company distributed a final share dividend for the financial year ended 31 December 2017 by way of distribution of treasury shares as share dividend at the ratio of six (6) treasury shares for every existing 1,000 ordinary shares held. A total of 3,149,079 treasury shares were distributed to the entitled shareholders in relation to the share dividend.

As at 31 December 2018, the Company's treasury shares are held at a carrying amount of RM970,157 (31.12.2017: RM6,931,198; 1.1.2017: RM6,931,198).

17. OTHER RESERVES

		Group		
	Note	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Capital reserve	(a)	26,578,054	26,578,054	26,578,054
Translation reserve	(b)	5,737,755	4,999,272	8,125,747
		32,315,809	31,577,326	34,703,801

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

17. OTHER RESERVES (cont'd)

(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 foreign operations whose functional currencies are different from that of the Group's presentation currency.

18. LOANS AND BORROWINGS

	Note	Group 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Non-current:				
Secured:				
Term loans	**(a)**	146,328,681	236,977,632	253,728,760
Finance lease liabilites	**(b)**	8,345,279	1,223,771	5,391,417
		154,673,960	238,201,403	259,120,177
Current:				
Secured:				
Term loans	**(a)**	121,465,721	24,535,423	7,150,833
Finance lease liabilities	**(b)**	2,349,080	4,071,700	15,913,113
Revolving credits	**(c)**	385,961,124	465,556,213	503,261,810
Bank overdrafts (Note 14)	**(d)**	106,209,731	88,511,075	119,126,410
		615,985,656	582,674,411	645,452,166
		770,659,616	820,875,814	904,572,343
Total loans and borrowings				
Term loans	**(a)**	267,794,402	261,513,055	260,879,593
Finance lease liabilities	**(b)**	10,694,359	5,295,471	21,304,530
Revolving credits	**(c)**	385,961,124	465,556,213	503,261,810
Bank overdrafts (Note 14)	**(d)**	106,209,731	88,511,075	119,126,410
		770,659,616	820,875,814	904,572,343

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

18. LOANS AND BORROWINGS (cont'd)

(a) Term loans

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

	Repayment terms	Interest rate	Security	Amounts outstanding 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
(i)	Repayable by 84 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM11,933, 49th to 83th instalment of RM14,709 and 84th instalment of RM5,127,197	1.50% above bankers' cost of funds	Legal charge over certain investment properties of the Group*	5,222,595	5,397,966	5,550,475
(ii)	Repayable by 84 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM107,401, 49th to 83th instalment of RM132,377 and 84th instalment of RM46,144,773	1.50% above bankers' cost of funds	Legal charge over certain investment properties of the Group*	47,003,352	48,581,697	49,954,275
(iii)	Repayable by 84 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM11,933, 49th to 83th instalment of RM14,709 and 84th instalment of RM5,127,197	1.50% above bankers' cost of funds	Legal charge over certain investment properties of the Group*	5,222,583	5,398,092	5,576,889
(iv)	Repayable by 84 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM107,401, 49th to 83rd instalment of RM132,377 and 84th instalment of RM46,144,773	1.50% above bankers' cost of funds	Legal charge over certain investment properties of the Group*	47,003,248	48,582,830	50,191,993

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

18. LOANS AND BORROWINGS (cont'd)

(a) Term loans (cont'd)

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

	Repayment terms	Interest rate	Security	Amounts outstanding 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
(v)	Repayable by 47 monthly instalments of RM111,459 each commencing on the 37th month from the first drawdown	1.50% above bankers' cost of funds	Legal charge over certain joint development land of the Group	-	2,232,480	3,571,396
(vi)	Repayable by 84 monthly instalments of RM107,143 each commencing on the 37th month from the first drawdown	1.50% above bankers' cost of funds	Legal charge over certain joint development land of the Group*	-	-	3,165,179
(vii)	Repayable by 156 monthly instalments commencing on the 49th month from the first drawdown. 49th to 60th instalment of RM50,000, 61st to 96th instalment of RM125,000, 97th to 132th instalment of RM175,000. 133th to 156th instalment of RM225,000, 157th to 168th instalment of RM275,000, 169th to 192th instalment of RM325,000, 193th to 203th instalment of RM375,000 and 204th instalment of RM8,775,000	1.50% above bankers' cost of funds	Legal charge over certain investment properties of the Group*	-	-	40,830,125
(viii)	Repayable by 59 monthly instalments of RM834,000 each with final principal repayment of RM794,000 commencing 37th from the date of first drawdown	1.50% above bankers' cost of funds	Legal charge over certain development land of the Group*	67,894,959	99,450,598	93,039,261
(ix)	Repayable by 120 equal instalments of RM96,873 commencing on the 7th month from the date of first drawdown	1.75% above bankers' cost of funds	Legal charge over certain investment properties of the Group*#	18,621,583	19,777,212	9,000,000

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

18. LOANS AND BORROWINGS (cont'd)

(a) Term loans (cont'd)

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

	Repayment terms	Interest rate	Security	Amounts outstanding 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
(x)	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 development properties of the Group*#	6,388,712	7,092,180	-
(xi)	Repayable by 84 equal instalments of RM357,000 commencing on the 1st month from the date of first drawdown	1.25% above the banker's cost of funds	Legal charge over certain land held for development and inventories of the Group*#	20,714,286	25,000,000	-
(xii)	Repayable by a reduction schedule and/or redemption of commercial units and residential units under the proposed F6, Desa Hartamas project	2.0% above the banker's cost of funds	Legal charge over certain development properties of the Group*#	49,723,084	-	-
				267,794,402	261,513,055	260,879,593

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

\# *The term loans are guaranteed by the Company and directors of the Company.*

The term loans of the Group bear interest at rates ranging from 4.87% to 8.0% (31.12.2017: 4.15% to 6.0%;1.1.2017: 4.5% to 6.0%) per annum.

(b) Finance lease liabilities

Certain plant and machinery, and motor vehicles of the Group as disclosed in Note 5 are pledged for finance leases. Such leases do not have terms for renewal which would give the Group an option to purchase at nominal values at the end of lease term. The average interest rate implicit in the leases is 3.02% to 3.35% (31.12.2017: 2.80% to 4.05%; 1.1.2017: 2.80% to 4.05%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

18. LOANS AND BORROWINGS (cont'd)

(b) Finance lease liabilities (cont'd)

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

	Group		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Minimum lease payments:			
Not later than one year	2,805,726	4,248,092	16,351,162
Later than one year and not later than 5 years	9,649,826	1,387,492	5,453,301
	12,455,552	5,635,584	21,804,463
Less: Future finance charges	(1,761,193)	(340,113)	(499,933)
Present value of minimum lease payments	10,694,359	5,295,471	21,304,530
Present value of minimum lease payments payable:			
Not later than one year	2,349,080	4,071,700	15,913,113
Later than one year and not later than 5 years	8,345,279	1,223,771	5,391,417
	10,694,359	5,295,471	21,304,530
Less: Amount due within 12 months	(2,349,080)	(4,071,700)	(15,913,113)
Amount due after 12 months	8,345,279	1,223,771	5,391,417

(c) Revolving credits

The revolving credits of the Group bear interest at rates ranging from 4.60% to 6.90% (31.12.2017: 4.80% to 5.94%; 1.1.2017: 4.80% to 5.94%) per annum and are secured by way of:

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

(ii) legal charge over inventories in the name of a joint venture partner; and

(iii) corporate guarantee from the Company.

(d) Bank overdrafts

Bank overdrafts of the Group bear interest at rates ranging from 5.60% to 8.20% (31.12.2017: 6.60% to 8.35%; 1.1.2017: 6.60% to 8.35%) 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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

19. PROVISIONS

	Group		
	Future operating lease commitment RM	**Rectification work RM**	**Total RM**
2018			
At 1 January 2018	15,451,460	115,160	15,566,620
Recognised in profit or loss (Note 24)	-	584,186	584,186
Utilised during the financial year	(8,991,811)	(33,908)	(9,025,719)
At 31 December 2018	6,459,649	665,438	7,125,087
2017			
At 1 January 2017	14,147,132	242,517	14,389,649
Recognised in profit or loss (Note 24)	7,136,000	338,727	7,474,727
Utilised during the financial year	(5,831,672)	(466,084)	(6,297,756)
At 31 December 2017	15,451,460	115,160	15,566,620
31.12.2018			
Non-current	775,126	-	775,126
Current	5,684,523	665,438	6,349,961
	6,459,649	665,438	7,125,087
31.12.2017			
Non-current	8,315,460	-	8,315,460
Current	7,136,000	115,160	7,251,160
	15,451,460	115,160	15,566,620

(a) Future operating lease commitment

The Group entered into non-cancellable leaseback of certain units of service apartments from purchasers at rates ranging from 3.8% to 8.0% per annum of the respective units' sales consideration for the period up to March 2021. A provision is recognised where the expected benefits to be derived by the Group from the service apartments is less than the operating lease commitments. The obligation for the discounted future payments, net of expected income, has been provided for.

(b) Rectification work

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

Based on management's past experience, provision for rectification works are computed at 0.2% (31.12.2017: 0.2%; 1.1.2017: 0.2%) on the total contracted sum of completed contracts.

20. TRADE AND OTHER PAYABLES

		Group 31.12.2018 RM	Group 31.12.2017 RM	Group 1.1.2017 RM	Company 31.12.2018 RM	Company 31.12.2017 RM	Company 1.1.2017 RM
Non-current:							
Non-trade							
Land costs payable	(a)	-	15,653,789	15,653,789	-	-	-
Current:							
Trade							
Trade payables	(b)	137,385,772	61,241,945	57,688,897	-	-	-
Non-trade							
Other payables	(c)	125,820,985	62,183,045	54,561,436	324,409	336,108	406,203
Land costs payable	(a)	-	12,500,000	12,647,917	-	-	-
GST payable		144,815	3,280,985	5,083,577	-	-	-
Deposits		7,780,767	3,363,158	5,810,166	-	-	-
Accruals		12,363,786	12,175,064	8,948,539	33,943	40,791	-
Amount owing to a director	(d)	394,114	-	322,680	-	-	-
Amount owing to subsidiaries	(d)	-	-	-	13,193,961	8,891,015	7,841,015
		146,504,467	93,502,252	87,374,315	13,552,313	9,267,914	8,247,218
Total trade and other payables (Current)		283,890,239	154,744,197	145,063,212	13,552,313	9,267,914	8,247,218
Total trade and other payables (Non-current and current)		283,890,239	170,397,986	160,717,001	13,552,313	9,267,914	8,247,218

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

20. TRADE AND OTHER PAYABLES (cont'd)

(a) Land costs payable

Land cost payable of RM Nil (31.12.2017: RM28,153,789; 1.1.2017: RM28,301,706) which is under deferred payment terms have been derived based on a discount rate of 6%.

(b) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 14 to 90 days (31.12.2017: 14 to 90 days; 1.1.2017: 14 to 90 days).

Included in trade payables of the Group are amounts of:

(i) RM1,673,770 (31.12.2017: RM381,771; 1.1.2017: RM2,420,492) owing to companies related to certain directors of the Company which is granted with normal credit terms; and

(ii) RM2,893,051 (31.12.2017: RM847,454; 1.1.2017: RM2,720,874) being retention sums held by the Group.

(c) Other payables

Included in other payables of the Group are:

(i) RM22,282,642 (31.12.2017: RM1,009,186; 1.1.2017: RM49,048,837) 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, repayable on demand and is expected to be settled in cash;

(ii) RM1,034,308 (31.12.2017: RM677,583; 1.1.2017: RM468,732) landowners' entitlement pursuant to the joint venture agreements entered into with the landowners;

(iii) RM Nil (31.12.2017: RM Nil; 1.1.2017: RM258,656) unsecured advances which are owing to persons related to certain directors of the Company have significant financial interest. The amounts owing are non-interest bearing, repayable on demand and is expected to be settled in cash; and

(iv) RM58,500,000 (31.12.2017: RM29,250,000; 1.1.2017: RM Nil) due to a third party following revocation of land sales.

(d) Amount 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 is expected to be settled in cash.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 29(b)(ii).

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

21. REVENUE

	Group 2018 RM	2017 RM (Restated)
Revenue from contract customers:		
Properties held for development	5,988,224	39,101,683
Properties under development	238,640,073	165,393,670
Completed properties	27,945,548	70,188,416
Construction contracts	1,136,876	6,900,910
Income from estates	1,926,319	2,295,125
Room sales, food and beverages	61,817,556	64,717,802
Project management consultation	-	8,000,000
	337,454,596	356,597,606
Revenue from other sources:		
Rental income from:		
- properties	13,999,743	10,675,882
- plant and machinery	2,570,035	3,710,454
	16,569,778	14,386,336
	354,024,374	370,983,942

(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 - 2018			
Major goods or services:			
Sale of properties held for development	5,988,224	-	5,988,224
Properties under development	238,640,073	-	238,640,073
Sale of completed properties	27,945,548	-	27,945,548
Construction services	1,136,876	-	1,136,876
Income from estates	1,926,319	-	1,926,319
Room sales, food and beverages	-	61,817,556	61,817,556
	275,637,040	61,817,556	337,454,596
Timing of revenue recognition:			
At a point in time	35,860,091	61,817,556	97,677,647
Over time	239,776,949	-	239,776,949
	275,637,040	61,817,556	337,454,596

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

21. REVENUE (cont'd)

(a) Disaggregation of revenue (cont'd)

	Property development RM	Hotel & hospitality RM	Total RM
Group - 2017			
Major goods or services:			
Sale of properties held for development	39,101,683	-	39,101,683
Properties under development	165,393,670	-	165,393,670
Sale of completed properties	70,188,416	-	70,188,416
Construction services	6,900,910	-	6,900,910
Income from estates	2,295,125	-	2,295,125
Room sales, food and beverages	-	64,717,802	64,717,802
Project management consultancy service	8,000,000	-	8,000,000
	291,879,804	64,717,802	356,597,606
Timing of revenue recognition:			
At a point in time	119,585,224	64,717,802	184,303,026
Over time	172,294,580	-	172,294,580
	291,879,804	64,717,802	356,597,606

(b) Transaction price allocated to the remaining performance obligations

As of 31 December 2018, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM219,403,331 and the Group will recognise this revenue as the properties or construction are completed, which is expected to occur over the next 3 years.

In accordance with the transitional provisions in paragraph D34 of MFRS 1, the Group has applied the practical expedient in paragraph C5(d) of MFRS 15 and, for all reporting periods presented before the beginning of the first MFRS reporting period, do not disclose the amount of the transaction price allocated to the remaining performance obligations.

The Group and the Company apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

22. COST OF SALES

	Group 2018 RM	Group 2017 RM (Restated)
Cost of properties held for development sold	9,565,478	7,642,575
Cost of properties under development	131,820,155	78,320,999
Cost of completed properties sold	14,699,120	42,499,771
Cost of construction services	350,043	3,515,839
Direct operating expenses of:		
- plant and machinery	1,700,317	5,235,065
Cost of estates	1,061,294	917,906
Hotel and other operation costs:		
- rental of premises	15,467,823	17,157,118
- others	50,188,787	52,227,745
	224,853,017	207,517,018

23. FINANCE COSTS

	Group 2018 RM	Group 2017 RM
Interest expense on:		
- term loans	14,721,409	13,940,904
- revolving credits	24,120,996	25,332,478
- bank overdrafts	6,392,729	5,467,474
- others	834,069	-
	46,069,203	44,740,856

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

24. 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	
	2018 RM	2017 RM	2018 RM	2017 RM
Auditors' remuneration				
- statutory audit				
- current year	317,600	282,300	66,700	66,000
- non-statutory audit	12,000	7,000	7,000	7,000
Bad debts written off	340,683	-	-	-
Depreciation of investment properties	7,162,665	1,990,996	-	-
Depreciation of property, plant and equipment	10,248,521	12,400,464	-	-
Direct operating expenses:				
- income generating investment properties	2,011,826	3,176,164	-	-
- non-income generating investment properties	43,877	615,946	-	-
Employee benefits expense (Note 25)	42,060,216	43,317,956	-	-
Impairment losses on:				
- trade receivables (Note 12)	2,658,030	10,232,989	-	-
- other receivables (Note 12)	1,343,532	121,310	-	-
Non-executive directors' remuneration (Note 31)	303,238	303,238	303,238	303,238
Property, plant and equipment written off	87,512	233,176	-	-
Provision for rectification works (Note 19)	584,186	338,727	-	-
Provision for future operating lease commitment (Note 19)	-	7,136,000	-	-
Rental expense on premises			-	-
- included in cost of sales	15,467,823	17,157,118	-	-
- included in administrative expenses	970,085	1,740,722	-	-
Rental expense on lorries and tractors	71,760	11,700	-	-
Rental expense on office equipment	91,332	84,326	-	-
Rental expense on plant and machineries	2,152,476	2,432,644	-	-
Gain on disposal of property, plant and equipment	-	(142,854)	-	-

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

24. PROFIT/(LOSS) BEFORE TAX (cont'd)

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Gain on disposal of an investment property	-	(12,608,203)	-	-
Interest income	(276,537)	(336,643)	-	-
Profit from sale of building materials	(408,212)	(389,033)	-	-
Unrealised foreign exchange loss	970,060	-	-	-
Rental income from properties				
- included in revenue	(13,999,743)	(10,675,882)	-	-
- included in other income	(2,896,718)	(3,603,366)	-	-
Rental income from plant and machineries				
- included in revenue	(2,570,035)	(3,710,454)	-	-
- included in other income	(5,278,467)	(4,775,684)	-	-
Reversal of impairment losses on:				
- trade receivables (Note 12)	(3,030,000)	-	-	-
- other receivables (Note 12)	(71,832)	(740,371)	-	-

25. EMPLOYEE BENEFITS EXPENSE

	Group	
	2018 RM	2017 RM
Salaries, bonus and other staff related costs	36,197,383	39,246,295
Employees Provident Fund	5,583,876	3,785,827
SOCSO	278,957	285,834
	42,060,216	43,317,956
Included in employee benefits expenses are:		
Directors' other emoluments	9,616,342	9,921,626

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

26. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2018 and 2017 are as follows:

	Group 2018 RM	Group 2017 RM (Restated)	Company 2018 RM	Company 2017 RM
Statements of comprehensive income				
Current tax:				
Current income tax charge	29,849,516	21,893,251	-	-
Adjustment in respect of prior years	764,376	577,277	-	-
	30,613,892	22,470,528	-	-
Deferred tax:				
Reversal of temporary differences	(17,414,857)	(966,560)	-	-
Adjustment in respect of prior years	(2,446,735)	-	-	-
	(19,861,592)	(966,560)	-	-
Income tax expense recognised in profit or loss	10,752,300	21,503,968	-	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

26. INCOME TAX EXPENSE (cont'd)

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	
	2018 RM	2017 RM (Restated)	2018 RM	2017 RM
Profit/(Loss) before tax	26,361,353	64,808,836	(631,185)	(674,668)
Tax at Malaysian statutory income tax rate of 24% (2017: 24%)	6,326,700	15,554,100	(151,500)	(161,900)
Non-deductible expenses	7,125,114	4,443,391	151,500	161,900
Non-taxable income	(229,174)	(705,800)	-	-
Utilisation of previously unrecognised deferred tax assets	(1,914,780)	(301,000)	-	-
Deferred tax assets not recognised	1,126,799	1,936,000	-	-
Adjustment in respect of prior years:				
- current tax	764,376	577,277	-	-
- deferred tax	(2,446,735)	-	-	-
Income tax expense	10,752,300	21,503,968	-	-

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

27. EARNINGS PER SHARE

Basic earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding, excluding treasury shares during the financial year, calculated as follows:

	Group	
	2018 **RM**	**2017** **RM** **(Restated)**
Profit for the financial year attributable to owners of the Company	15,609,053	43,304,868
	2018 **Units**	**2017** **Units**
Weighted average number of ordinary shares for basic earnings per share*	526,125,258	525,337,988
	2018 **Sen**	**2017** **Sen** **(Restated)**
Basic earnings per ordinary share	2.97	8.24

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

28. DIVIDENDS

	Group and Company 2018 RM	2017 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
Share dividends:		
- Final share dividend of six (6) treasury shares for every existing 1,000 ordinary shares for the financial year ended 31 December 2017	5,961,041	-
Cash dividends:		
- Single tier final dividend of 0.7 sen per ordinary share for the financial year ended 31 December 2017	3,677,361	-
	9,638,402	-

29. 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:

From 1 January 2018:

(i) Amortised cost

On or before 31 December 2017:

(i) Loan and receivables ("L&R")
(ii) Other financial liabilities ("FL")

	Carrying amount RM	Amortised cost RM
At 31 December 2018		
Financial assets		
Group		
Trade and other receivables #	147,936,447	147,936,447
Cash and short-term deposits	13,377,638	13,377,638
	161,314,085	161,314,085
Company		
Trade and other receivables #	3,843,205	3,843,205
Cash and short-term deposits	92,127	92,127
	3,935,332	3,935,332

 # excluding GST refundable and GST payable

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

29. FINANCIAL INSTRUMENTS (cont'd)

(a) Categories of financial instruments (cont'd)

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

	Carrying amount RM	Amortised cost RM
At 31 December 2018 (cont'd)		
Financial liabilities		
Group		
Loans and borrowings	770,659,616	770,659,616
Trade and other payables #	283,745,424	283,745,424
	1,054,405,040	1,054,405,040
Company		
Trade and other payables #	13,552,313	13,552,313

	Carrying amount RM	Loans and receivables RM	Other financial liabilities RM
At 31 December 2017			
Financial assets			
Group			
Trade and other receivables #	109,473,867	109,473,867	-
Cash and short-term deposits	22,600,377	22,600,377	-
	132,074,244	132,074,244	-
Company			
Trade and other receivables #	3,843,205	3,843,205	-
Cash and short-term deposits	116,274	116,274	-
	3,959,479	3,959,479	-

 # excluding GST refundable and GST payable

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

29. FINANCIAL INSTRUMENTS (cont'd)

(a) Categories of financial instruments (cont'd)

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

	Carrying amount RM	Loans and receivables RM	Other financial liabilities RM
At 31 December 2017 (cont'd)			
Financial liabilities			
Group			
Loans and borrowings	820,875,814	-	820,875,814
Trade and other payables #	167,117,001	-	167,117,001
	167,117,001	-	167,117,001
Company			
Trade and other payables #	9,267,914	-	9,267,914
At 1 January 2017			
Financial assets			
Group			
Trade and other receivables #	167,008,652	167,008,652	-
Cash and short-term deposits	35,066,710	35,066,710	-
	202,075,362	202,075,362	-
Company			
Trade and other receivables #	33,239,551	33,239,551	-
Cash and short-term deposits	185,660	185,660	-
	33,425,211	33,425,211	-

 # excluding GST refundable and GST payable

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

29. FINANCIAL INSTRUMENTS (cont'd)

(a) Categories of financial instruments (cont'd)

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

	Carrying amount RM	Loans and receivables RM	Other financial liabilities RM
At 1 January 2017 (cont'd)			
Financial liabilities			
Group			
Loans and borrowings	904,572,343	-	904,572,343
Trade and other payables #	155,633,424	-	155,633,424
	155,633,424	-	155,633,424
Company			
Trade and other payables #	8,247,218	-	8,247,218

excluding GST refundable and GST payable

(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.

NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2018 (cont'd)

29. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

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.

Credit risk concentration profile

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.

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.

For construction contracts, as there are only a few customers, the Group assessed the risk of each customer individually based on their financial capability, past trend of payments and other external information relating to the customers that are publicly available. For property development contracts, the Group determines the ECL rate for the group of customers based on actual credit loss experience over the past three years.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

29. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Credit risk concentration profile (cont'd)

The information about the credit risk exposure on the Group's trade receivables and contract assets as at 31 December 2018 are as follows:

	Gross carrying amount RM	ECL allowance RM	Net balance RM
Group			
At 31 December 2018			
Trade receivables			
Current (not past due)	11,956,289	-	11,956,289
1 to 30 days past due	22,682,209	-	22,682,209
31 to 60 days past due	15,529,912	-	15,529,912
61 to 90 days past due	3,256,710	-	3,256,710
91 to 120 days past due	819,332	-	819,332
121 to 150 days past due	1,307,207	-	1,307,207
More than 151 days past due	75,805,193	-	75,805,193
Credit impaired:			
- Individually assessed	4,159,414	(4,159,414)	-
Contract assets			
Current (not past due)	47,741,945	-	47,741,945
	183,258,211	(4,159,414)	179,098,797

The significant changes in the gross carrying amounts of trade receivables and contract assets do not contribute to changes in the impairment loss allowance during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

29. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Comparative information under FRS 139 *Financial Instruments: Recognition and Measurement*

Ageing analysis of trade receivables

The Group maintains an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's trade receivables (excluded accrued billings) are as follows:

	Group	
	31.12.2017 RM	**1.1.2017 RM**
Neither past due nor impaired	23,695,762	73,167,003
1 to 30 days past due not impaired	3,645,748	40,637,146
31 to 60 days past due not impaired	3,428,273	2,512,825
61 to 90 days past due not impaired	1,978,774	4,353,126
91 to 120 days past due not impaired	3,548,505	6,264,270
121 to 150 days past due not impaired	2,712,366	1,447,515
More than 151 days past due not impaired	48,044,809	18,625,514
	63,358,475	73,840,396
Impaired	11,071,383	838,395
	98,125,620	147,845,794

Trade receivables that are neither past due nor impaired

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

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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

29. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Other receivables and other financial assets (cont'd)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

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 did not recognise any loss allowance for impairment for other receivables and other financial assets other than those as disclosed in Note 12.

Refer to Note 3.12(a) 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 RM925,213,200 (31.12.2017: RM815,580,343; 1.1.2017: RM883,267,813) representing the maximum amount the Company could pay if the guarantee is called on. Generally, the Company considers the financial guarantee has low credit risk. 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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

29. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(ii) Liquidity risk (cont'd)

As at 31 December 2018, the Group's current liabilities exceeded its current assets by RM336,146,488 and the Group had short-term payables and accruals and borrowings of RM283,890,239 and RM615,985,656 respectively.

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

The Group has prepared a cash flow forecast to consider the availability of unutilised funding facilities in supporting the management of liquidity risk that the Group will have sufficient financial resources for a period of at least 12 months from the end of the financial year. Significant assumptions and judgements are used in the preparation of the cash flow forecast.

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:

		Contractual cash flows			
	Carrying amount RM	On demand or within one year RM	Between one to five years RM	More than five years RM	Total RM
Group					
At 31 December 2018					
Trade and other payables	283,745,424	283,745,424	-	-	283,745,424
Term loans	267,794,402	608,908,850	163,685,797	11,621,620	784,216,267
Finance lease liabillities	10,694,359	2,805,726	9,649,826	-	12,455,552
Revolving credits	385,961,124	385,961,124	-	-	385,961,124
Bank overdrafts	106,209,731	106,209,731	-	-	106,209,731
	1,054,405,040	1,387,630,855	173,335,623	11,621,620	1,572,588,098
At 31 December 2017					
Trade and other payables	167,117,001	167,117,001	-	-	167,117,001
Term loans	261,513,055	39,328,278	247,040,555	15,757,200	302,126,033
Finance lease liabillities	5,295,471	4,248,092	1,387,492	-	5,635,584
Revolving credits	465,556,213	465,556,213	-	-	465,556,213
Bank overdrafts	88,511,075	88,511,075	-	-	88,511,075
	987,992,815	764,760,659	248,428,047	15,757,200	1,028,945,906

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

29. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(ii) Liquidity risk (cont'd)

Maturity analysis (cont'd)

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: (cont'd)

		Contractual cash flows			
	Carrying amount RM	On demand or within one year RM	Between one to five years RM	More than five years RM	Total RM
Group					
At 1 January 2017					
Trade and other payables	155,633,424	155,633,424	-	-	155,633,424
Term loans	260,879,593	20,184,653	214,120,866	85,094,323	319,399,842
Finance lease liabillities	21,304,530	16,351,162	5,453,301	-	21,804,463
Revolving credits	503,261,810	503,261,810	-	-	503,261,810
Bank overdrafts	119,126,410	119,126,410	-	-	119,126,410
	1,060,205,767	814,557,459	219,574,167	85,094,323	1,119,225,949
Company					
At 31 December 2018					
Trade and other payables	13,552,313	13,552,313	-	-	13,552,313
Financial guarantee contracts	-	925,213,200	-	-	925,213,200
	13,552,313	938,765,513	-	-	938,765,513

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

29. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(ii) Liquidity risk (cont'd)

Maturity analysis (cont'd)

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: (cont'd)

	Carrying amount RM	Contractual cash flows On demand or within one year RM	Between one to five years RM	More than five years RM	Total RM
At 31 December 2017					
Trade and other payables	9,267,914	9,267,914	-	-	9,267,914
Financial guarantee contracts	-	815,580,343	-	-	815,580,343
	9,267,914	824,848,257	-	-	824,848,257
At 1 January 2017					
Trade and other payables	8,247,218	8,247,218	-	-	8,247,218
Financial guarantee Contracts	-	883,267,813	-	-	883,267,813
	8,247,218	891,515,031	-	-	891,515,031

(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.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

29. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iii) Interest rate risk (cont'd)

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 year.

		Group	
	Change in basis points %	**Effect on profit for the financial year RM**	**Effect on equity RM**
31 December 2018	25	(1,443,900)	(1,443,900)
	(25)	1,443,900	1,443,900
31 December 2017	25	(1,529,213)	(1,529,213)
	(25)	1,529,213	1,529,213
1 January 2017	25	(1,656,127)	(1,656,127)
	(25)	1,656,127	1,656,127

(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.

There have been no transfers between Level 1 and Level 2 during the financial year (2017: no transfer in either directions).

29. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value measurement (cont'd)

	Carrying amount RM	Fair value of financial instruments not carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group					
31 December 2018					
Financial liability					
Finance lease liabilities	10,694,359	-	-	10,694,359	10,694,359
31 December 2017					
Financial asset					
Other receivables (non-current)	3,318,418	-	-	3,318,418	3,318,418
Financial liabilities					
Land costs payable	28,153,789	-	-	28,153,789	28,153,789
Finance lease liabilities	5,295,471	-	-	5,295,471	5,295,471
1 January 2017					
Financial asset					
Other receivables (non-current)	4,935,486	-	-	4,935,486	4,935,486
Financial liabilities					
Land costs payable	28,301,706	-	-	28,301,706	28,301,706
Finance lease liabilities	21,304,530	-	-	21,304,530	21,304,530

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

29. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value measurement (cont'd)

Level 3 fair value

Fair value of financial instruments not carried at fair value

The fair value of other receivables (non-current), land costs payable, fixed rate loans and finance lease liabilities are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

30. COMMITMENTS

(a) Commitments

The Group has made commitments for the following capital expenditures:

		Group	
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Capital expenditures approved and contracted for:			
- Property, plant and equipment	-	-	12,000,000
- Investment properties	-	-	2,140,000
	-	-	14,140,000

(b) Operating lease commitments – as lessee

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

		Group	
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Not later than one year	9,385,671	27,509,575	13,315,832
More than one year and not later than five years	775,126	8,276,325	8,404,002
	10,160,797	35,785,900	21,719,834
Less: Provision for future operating lease commitment (Note 19)	(6,459,649)	(15,451,460)	(14,147,132)
	3,701,148	20,334,440	7,572,702

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

30. COMMITMENTS (cont'd)

(b) Operating lease commitments – as lessee (cont'd)

The operating lease commitments are in respect of leaseback of service apartments and office suites from the purchasers at 3.8% to 8.0% per annum of the respective units' sale consideration for the purpose of operating the serviced residence, sub-lease of office suites and use as business premises. The lease for the service apartments is for a period of 2 years from the commencement date as set out in the respective leaseback agreements and may be extended for another 3 years. The lease for the office suites is for a period of 3 years from the commencement date as set out in the respective leaseback agreements and may be extended for a period of between 2 years and 15 years.

In the previous financial year, the Group entered into lease arrangements with property owners for the lease of certain service apartments for a period of 2 years from the commencement date as set out in the respective tenancy agreements and may be extended for another 3 years. The monthly rental of the said leases is computed based on the profit available for distribution after deduction of operating expenses and are distributed to the respective property owners based on the floor area of the respective properties held. It is not practicable to estimate the future aggregate minimum lease payments of the leases.

There are no restrictions placed upon the Group by entering into the lease arrangements.

(c) Operating lease commitments – as lessor

The Group leases its investment property which is a freehold land with shopping complex and a school building with non-cancellable lease terms of 10 years. The lease may be renewed for a further 3 terms of 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	
	31.12.2018 **RM**	**31.12.2017** **RM**	**1.1.2017** **RM**
Not later than one year	10,351,000	10,351,000	10,477,000
More than one year and not later than five years	42,844,000	41,884,000	37,828,000
More than five years	22,420,953	33,731,953	27,582,917
	75,615,953	85,966,953	75,887,917

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

31. 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; and
(iii) 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.

(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 2018 RM**	**Group 2017 RM**
Directors related companies/firm	**Transactions**		
Actual Future Sdn. Bhd.	Purchase of construction materials	73,062	56,667
Various Promotion Sdn. Bhd.	Purchase of construction materials	275,679	427,652
Rapid Synergy Bhd.	Rental of properties	365,740	-
Kar Sin Hardware Sdn. Bhd.	Rental of equipment and transportation cost	2,904,981	2,788,236
	Progress billing in relation to sale of properties	(3,303,976)	(1,615,000)
Kar Sin Ready Mix Sdn. Bhd.	Purchase of construction materials	909,887	1,187,234
	Rental income of properties	(45,000)	(30,000)
	Billings in relation to sale of properties	-	(3,250,000)
N.A.B. Holdings Sdn. Bhd.	Rental of equipment and transportation cost	71,760	35,100
Mutual Boundary Sdn. Bhd.	Purchase of construction materials	-	187,894
	Billings in relation to sale of properties	-	(6,630,312)
	Rental payable	186,737	186,737

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

31. RELATED PARTIES (cont'd)

(b) Significant related party transactions (cont'd)

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

(Received and receivable from)/ Paid and payable to related parties		Group 2018 RM	Group 2017 RM
Directors related companies/firm	**Transactions**		
Yu & Associates	Legal services	1,323,536	2,867,908
	Rental income of office premise	(36,000)	(36,000)
Caldera Machinery Sdn. Bhd.	Rental of equipment	135,300	880,088
	Rental income of equipment	(874,226)	(2,372,012)
Kar Sin Growth Sdn. Bhd.	Rental income of properties	-	(405,400)
	Commission income received	-	(135,150)
Kar Sin Power Sdn. Bhd.	Billings in relation to sale of properties	(26,846,000)	-
Kar Sin Target Sdn. Bhd.	Billings in relation to sale of properties	(26,846,000)	-
Kar Sin Premium Sdn. Bhd.	Rental income of properties	(320,068)	(207,871)
Caldera Construction Sdn. Bhd.	Rental income of equipment	(1,367,673)	-
Halim & Yu Sdn. Bhd.	Billings in relation to sale of properties	(20,982,989)	-
	Renovation works	(170,962)	-
Pearl Total Sdn. Bhd.	Rental of premises	73,740	73,740
Six Pack Fitness Sdn. Bhd.	Rental income of properties	(345,080)	(235,200)
	Sale of materials	(44,241)	-
Directors			
- directors	Billings in relation to sale of properties	(13,045,820)	(691,370)
	Legal services	873,586	161,362
	Guarantee return payable	10,074,599	12,570,683
- persons related to directors	Billings in relation to sale of properties	(24,930,000)	(3,200,560)
	Employee benefits	-	8,521,996
	Guarantee return payable	628,113	731,966

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

31. RELATED PARTIES (cont'd)

(b) Significant related party transactions (cont'd)

Companies related to directors:

(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 non-independent non-executive director.

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

(viii) Kar Sin Target Sdn. Bhd. is a company in which Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS has interest.

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

(x) Caldera Machinery Sdn. Bhd. is a company in which Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT owns 50% equity interest.

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

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

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

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

(xv) The guarantee return payable is in respect of purchase guarantee return of Lot 163 (Fraser Place Kuala Lumpur) and Lot 188 (Fraser Residence Kuala Lumpur) in which all the purchasers are entitled for the unit purchased and leased back.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

31. RELATED PARTIES (cont'd)

(b) Significant related party transactions (cont'd)

Companies related to directors: (cont'd)

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

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

(xviii) N. A. B. Holding 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 12 and 20.

(c) Compensation of key management personnel

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive:				
Salaries and other emoluments	8,080,960	8,337,498	-	-
Employees Provident Fund	1,535,382	1,584,128	-	-
Total executive directors' remuneration (excluding benefits-in-kind) (Note 25)	9,616,342	9,921,626	-	-
Estimated monetary value of benefits-in-kind	-	8,800	-	-
Total executive directors' remuneration (including benefits-in-kind)	9,616,342	9,930,426	-	-
Non-executive:				
Fees	152,830	152,830	152,830	152,830
Other emoluments	150,408	150,408	150,408	150,408
Total non-executive directors' emoluments	303,238	303,238	303,238	303,238
	9,919,580	10,233,664	303,238	303,238

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and 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, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2018 and 31 December 2017.

The Group monitors capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity. The gearing ratio as at 31 December 2018, 31 December 2017 and 1 January 2017 are as follows:

			Group	
	Note	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Loans and borrowings	18	770,659,616	820,875,814	904,572,343
Trade and other payables	20	283,890,239	170,397,986	160,717,001
Total debts		1,054,549,855	991,273,800	1,065,289,344
Total equity (restated)		909,614,412	899,311,134	859,132,741
Gearing ratio		116%	110%	124%

A subsidiary is required to comply with externally-imposed capital requirements on certain debt-service ratio, debt-to-equity ratio, loan-to-valuation ratio and to maintain certain level of shareholders' equity in respect of its bank borrowings.

33. 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's 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.

33. SEGMENT INFORMATION (cont'd)

	Property development		Hotel and hospitality		Adjustment and elimination		Notes	Per consolidated financial statements	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM		2018 RM	2017 RM
Revenue:									
External customers	292,206,818	306,266,140	61,817,556	64,717,802	-	-		354,024,374	370,983,942
Inter-segment	-	-	-	85,738	-	(85,738)	A	-	-
	292,206,818	306,266,140	61,817,556	64,803,540	-	(85,738)	-	354,024,374	370,983,942
Results:									
Interest income	276,537	336,522	414,168	1,879,629	(414,168)	(1,879,508)	B	276,537	336,643
Depreciation	9,599,830	8,564,875	7,811,356	5,826,585	-	-		17,411,186	14,391,460
Finance costs	44,951,099	43,885,124	1,118,104	855,732	-	-	B	46,069,203	44,740,856
Other non-cash expenses/(income)	1,094,511	17,321,831	476,917	-	-	-	C	1,571,428	17,321,831
Segment profit/(loss)	24,378,895	54,210,828	1,982,458	10,598,008	-	-		26,361,353	64,808,836
Assets:									
Additions to non-current assets other than financial instruments and deferred tax assets	60,644,293	109,566,673	2,398,924	266,672	-	-	D	63,043,217	109,833,345
Segment assets	2,016,089,573	1,903,720,209	199,619,212	212,227,584	-	-		2,215,708,785	2,115,947,793
Liabilities:									
Segment total liabilities	1,270,505,892	1,175,004,070	35,588,481	41,632,589	-	-		1,306,094,373	1,216,636,659

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018 (cont'd)

33. SEGMENT INFORMATION (cont'd)

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:

	2018 RM	2017 RM
Inter-segment interest	414,168	1,879,508

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

	2018 RM	2017 RM
Property, plant and equipment written off	87,512	233,176
Impairment loss on trade and other receivables	4,001,562	10,354,299
Provision for rectification works	584,186	7,474,727
Reversal of impairment loss on trade and other receivables	(3,101,832)	(740,371)
	1,571,428	17,321,831

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

	2018 RM	2017 RM
Inventories- Properties held for development	9,732,879	21,348,469
Property, plant and equipment	3,649,458	15,238,457
Investment properties	1,669,080	8,577,149
Deposits for joint venture and turnkey contracts	47,991,800	64,669,000
	63,043,217	109,833,075

Geographical information

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

Information about major customers

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

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 36 to 140 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 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

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

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

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

Ipoh
Date: 30 April 2019

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 36 to 140 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 Ipoh in the State of Perak Darul Ridzuan on 30 April 2019.

Before me,

KOH ENG BING (A098)
Persuruhanjaya Sumpah
Commissioner for Oaths

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

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of YNH Property Bhd., which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 36 to 140.

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

Basis for Opinion

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

Key Audit Matters

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

Group

Goodwill on consolidation (Notes 4(a) and 8 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, including forecast growth rates and gross profit margins.

Our response:
Our audit procedures focus on evaluating the cash flow projections which included, among others:

- assessing the valuation methodology adopted by the Group in accordance with the requirements of MFRS 136 *Impairment of Assets*;
- 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 to assess their reasonableness;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be most sensitive to the recoverable amount.

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

(Incorporated in Malaysia)

Key Audit Matters (cont'd)

Group (cont'd)

Revenue and expenses recognition for property development activities (Notes 4(b), 21 and 22 to the financial statements)

The amount of revenue and corresponding costs 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 costs incurred for works performed to date bear to the estimated total costs for each project (input method). 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 recoverability of the development projects. 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:
- reading the terms and conditions of agreements with customers;
- understanding the Group's process in recording 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 and discussing with project managers/directors;
- assessing the computed progress towards complete satisfaction of performance obligation for identified projects against architect certificate or consultant certificate; and
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year.

Funding requirements and ability to meet short-term obligations (Note 29(b)(ii) to the financial statements)

As at 31 December 2018, included in the Group's current liabilities are short-term payables and accruals of RM283,890,239 and short-term borrowings of RM615,985,656. We focus on this area due to the significant amount of short-term liabilities, which resulted in the Group's current liabilities exceeding its current assets by RM336,146,488.

The Group's policies and processes for the management of liquidity risk is disclosed in Note 29(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 actual results with previous budget to assess the performance of the business;
- 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 accuracy of the cash flow forecast calculation;
- performing 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.

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

(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the 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.

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.

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

(Incorporated in Malaysia)

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

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: (cont'd)

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 9 to the financial statements.

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

(Incorporated in Malaysia)

Other Matters

1. As stated in Note 2 to the financial statements, YNH Property Bhd. adopted the Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2017 and its related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and the financial performance and cash flows for the financial year then ended.

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

Baker Tilly Monteiro Heng PLT	Lee Kong Weng
LLP0019411-LCA & AF 0117	02967/07/2019 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur

Date: 30 April 2019

LIST OF PROPERTIES

Location	Description Property	Remaining Land Area @ 31.12.18 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.18 (RM)	Year of Acquisition/ Last Revaluation
Bal Lot 6154 & 6555 & Lot 6518 Mkm Lumut, Perak (Old Lot No.1557 & 1932)						
- Portion for own investment (PT2781-2782)	Property, plant and equipment	27.94	Agricultural/ for investment	Freehold	5,142,000	2001
- Portion for fixed asset (G28079, PT2722-2780, 2785, 2822-2823)	Property, plant and equipment	142.51	Agricultural/ for investment	Freehold	26,452,000	2001
Lot 1612, Mukim Kota Lama Kiri, Kuala Kangsar	Property, plant and equipment	13.14	Agricultural/ for investment	Freehold	4,213,000	2001
Lot 2795, Mukim Lumut, Daerah Manjung, Perak	Property, plant and equipment	25.00	Agricultural/ for investment	Freehold	15,246,000	2001
Lot 36480 & Lot 36481, Sungai Terap, Perak	Property, plant and equipment	25.32	Agricultural/ for investment	Leasehold (28.11.2109)	2,223,000	2011 *
Lot 17196 to Lot 17201, Lot 17205-Lot 17208, Mukim Lumut, Daerah Manjung, Perak	Property, plant and equipment	88.97	Clubhouse/ for investment	Leasehold (7.1.2107)	32,005,000	2016 *
HS (D) Dgs 11772 PT8073 Mukim Lumut, Perak	Vacant Land and approved for development	-	Proposed development – residential	Freehold	-	2001
Lot 11442-Lot 11447, Mukim Ulu Langat, Daerah Ulu Langat, Daerah Selangor	Property, plant and equipment	6.61	Ready mixed site	Freehold	7,664,000	2013 *
Lot 198272, Mukim Hulu Kinta, Daerah Kinta, Perak	Property, plant and equipment	3.00	Vacant land	Leasehold (9.8.2052)	2,027,000	2014
PT913, Mukim Sungai Buluh, Daerah Petaling, Selangor	Property, plant and equipment	0.88	Ready mixed site	Leasehold (1.3.2114)	4,398,000	2014
PT914, Mukim Sungai Buluh, Daerah Petaling, Selangor	Property, plant and equipment	0.82	Ready mixed site	Leasehold (1.3.2114)	4,196,000	2014
PT2176, Mukim Sungai Buluh, Daerah Petaling, Selangor	Property, plant and equipment	0.51	Ready mixed site	Leasehold (8.9.2054)	2,627,000	2014
Lot 6555 – PT2791, Mukim of Lumut, Daerah Manjung, Perak	Planted with oil palm tree and approved for development	25.00	Proposed mixed development – commercial and residential	Freehold	5,759,000	2001
Lot 6555 - PT2792, PT2793, PT2794, Mukim Lumut, Daerah Manjung, Perak	Planted with oil palm tree and approved for development	60.00	Proposed Hock Chew Centre and mixed development	Freehold	11,719,000	2001
Portion for future development (PT2791, PT2792, PT2793), Perak	Planted with oil palm tree and approved for development	-	Pinggiran Manjung Point - commercial and residential	Freehold	-	2001

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.18 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.18 (RM)	Year of Acquisition/ Last Revaluation
PT2796, PT2797, part PT2798, (Carefour land), part PT2799 (Carefour land), Mukim Lumut, Perak	Vacant land approved for development	37.96	Proposed commercial development	Freehold	7,469,000	2001
Entry No.1577 Lot 712 Mukim Lumut, Perak Entry No. 1380 Lot 1387 Mukim Lumut, Perak	Planted with oil palm tree and approved for development	- 4.78	Proposed mixed development – commercial and residential	Freehold Freehold	468,000	2001
HS (D) Dgs 1203/78 Lot 2740 Mukim Pengkalan Bharu, Perak HS (D) Dgs 1204/78 Lot 2741 Mukim Pengkalan Bharu, Perak	Planted with oil palm tree and approved for development	9.60	Taman Suria, Pantai Remis – commercial and residential	Freehold Freehold	1,384,000	2001
Geran 36493, Lot 495 & Geran 36944, Lot 496, Town of Lumut, Daerah Manjung, Perak	Vacant Land and approved for development	0.70	Proposed mixed development – commercial and residential	Freehold	1,230,000	2001
CT 17320 Lot 117 Town of Lumut, Perak	Vacant Land and approved for development	0.83	Proposed mixed development – commercial and residential	Freehold	541,000	2001
EMR 379 Lot 380 Mukim Pengkalan Bharu, Perak	Vacant Land and approved for development	1.37	Proposed mixed development	Freehold	351,000	2001
HS (D) Dgs 1042/78 Lot 5493 (New lot 13100) Mukim Lumut, Perak	Planted with oil palm tree and approved for development	7.60	Taman Layar, Kg. Acheh, Sitiawan – commercial and residential	Freehold	2,857,000	2001
EMR 9714 Lot 10054 Mukim Sitiawan, Perak	Planted with oil palm tree and approved for development	3.08	Proposed mixed development – commercial and residential	Freehold	416,000	2001
EMR 5198 Lot 4622 Mukim Sitiawan, Perak	Planted with oil palm tree and approved for development	5.04	Proposed mixed development – commercial and residential	Freehold	987,000	2001
Geran 7419 Lot 15655 Mukim Sitiawan, Perak	Planted with oil palm tree and approved for development	3.04	Proposed development – residential	Freehold	1,409,000	2001
HS(D)Dgs1673/83 PT10382 & (Lot No. 25893 25900) HS(D)Dgs 1680/83 PT10389 Mukim Sitiawan, Perak	Vacant Land	0.04	Proposed mixed development – residential and commercial	99 years (23.9.2082)	46,000	2001
HS(D)Dgs 830/89 PT625 Bandar Lumut, Perak	Vacant Land	0.75	Proposed development – residential	60 years (7.6.2049)	273,000	2001

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.18 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.18 (RM)	Year of Acquisition/ Last Revaluation
Lot 1983, Lot 1984 (GM1246, GM1247) Mukim Lumut, Daerah Manjung, Perak	Vacant Land	2.97	Agricultural land	Freehold land	249,000	2004 *
Bal Lot 6154 & 6555 & Lot 6518 Mkm Lumut (Old Lot No. 1557 & 1932) PT2789-PT2790, Perak	Vacant Land	50.00	Proposed for clubhouse usage	Freehold	9,045,000	2004 *
Lot 140, Town of Lumut, Perak	Vacant Land	0.69	Proposed mixed development	Freehold	177,000	2005 *
Lot 732, 733, all in Mukim of Sitiawan, Perak	Vacant Land	0.02	Proposed mixed development	Freehold	89,000	2005 *
GM 2017 Lot 263 Town of Sitiawan, Perak	Vacant Land and approved for development	1.00	Proposed development – commercial	Freehold	858,000	2001
Lot 31776-31780 PT47587-47591 Mukim Sitiawan (Old Lot No. 15173-15177) Perak	Vacant Land and approved for development	0.20	Proposed mixed development – commercial and residential	99 years (5.5.2088)	163,000	2001
Balance Lot 4818 Mukim Lumut (PT6677, 6678, 4118-4133 4510-4592, 4673-4778, 4840-4853, PN84692, PN84694) Perak	Vacant Land and approved for development	0.45	Taman Samudera, Phase 10 & 11 – commercial and residential	99 years (27.3.2093 [PT 6677 & 6678] and 19.5.2091 [the rest])	1,572,000	2001
Geran 7270-7273 Lot 14851-14854 Mukim Sitiawan, Perak Geran 7274 Lot 14855 Mukim Sitiawan (Old Lot No. 34043) (Lot 31656) Perak Geran 7276 Lot 14857 Mukim Sitiawan (Old Lot No. 34045)(Lot 21658) Perak	Vacant Land and approved for development	23.87	Taman Limbungan, Kg. Acheh, Sitiawan – commercial and residential	Freehold	5,947,000	2001
GM 375 & 376 Lot 6493 & 6494 Mukim Lumut (Old EMR No. 2424 Lot 4275), Perak	Vacant Land and approved for development	1.12	Proposed development – commercial	Freehold	709,000	2001

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.18 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.18 (RM)	Year of Acquisition/ Last Revaluation
EMR 9488 Lot 9187 Mukim Sitiawan, Perak	Vacant Land and approved for development	0.51	Proposed mixed development – commercial and residential	Freehold	63,000	2001
HS (M) 1528 PT1728 Mukim Sitiawan, Perak	Vacant Land and approved for development		Proposed mixed development – commercial and residential	Freehold	49,000	2001
PT22973-PT22975, Bandar Baru, Sri Manjung, Perak - Commercial Complex	Vacant Land and approved for development	0.38	Commercial Land, Jalan Lumut, Sri Manjung	99 years (25.2.2101)	424,000 251,000	2001
- Shops unit		0.08	Commercial	99 years (25.2.2101)	70,000	2001
Lot 246 Village of Pekan Gurney, Perak	Vacant Land and approved for development	2.90	Taman Delima, Ayer Tawar – residential	Freehold	439,000	2001
Lot 4818 Mukim Lumut HS (D) Dgs 3618-3663 (Lot 10685)-Hawker Center Perak	Vacant Land and approved for development	2.27	Taman Samudera, Sri Manjung – commercial and residential	99 years (29.9.2094)	3,514,000	2001
Geran 18770 Lot 3335 Mukim Pengkalan Bharu Perak	Vacant Land and approved for development	18.20	Taman Bintang, Pantai Remis – commercial and residential	Freehold	2,585,000	2001
Geran 9851 Lot 379 Town of Lumut, Perak	Vacant Land and approved for development	1.75	Lumut Ria Condominium, Lumut – residential	Freehold	3,844,000	2001
Lot 6555 – PT 2786 Mukim of Lumut Perak	Vacant Land and approved for development	0.65	Taman Desa, Manjung Point – residential	Freehold	230,000	1993
Lot 5,6,182,524,1145-1147 (Trong), Perak	Vacant Land and approved for development	1.53	Taman Seri Trong Perak, Taiping – commercial	Freehold	436,000	1996
Lot 15541, Geran 7305 Mukim of Sitiawan	Vacant Land	4.04	Proposed mixed development	Freehold	1,296,000	2003
Geran 21668 Lot 6274 Mukim Beruas, Perak	Planted with oil palm tree and not approved for development	75.00	Proposed mixed development – commercial and residential	Freehold	630,000	1989
Lot 14785-14788 (old lot 26789-26793), PT19589-PT19637 Mukim Sitiawan, Perak	Vacant Land and approved for development	5.38	Proposed mixed development – commercial and residential	Leasehold	4,200,000	2001

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.18 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.18 (RM)	Year of Acquisition/ Last Revaluation
Lot 17768, PT4860 and Lot 17769, PT4861 & PT4862 Mukim Lumut, Perak	Vacant Land and approved for development	5.08	Proposed mixed development – commercial and residential	99 years (29.04.2101)	4,783,000	2001
Lot 803, EMR1616, Mukim Sitiawan, Daerah Manjung, Perak	Vacant Land and approved for development	2.97	Proposed mixed development	Freehold	1,273,000	2004 *
Lot 716, Village of Simpang Empat, Mukim Sitiawan, Daerah Manjung, Perak	Vacant Land and approved for development	0.02	Proposed mixed development	Freehold	163,000	2005 *
Lot 717, Village of Simpang Empat, Mukim Sitiawan, Daerah Manjung, Perak	Vacant Land and approved for development	0.02	Proposed mixed development	Freehold	155,000	2005 *
Lot 721, Village of Simpang Empat, Mukim Sitiawan, Daerah Manjung, Perak	Vacant Land and approved for development	0.01	Proposed mixed development	Freehold	130,000	2005 *
Lot 722, undivided 1/3 land under HSM 86/68, Mukim Sitiawan, Perak	Vacant Land and approved for development	0.03	Proposed mixed development	Freehold	91,000	2005 *
Lot 188, Mukim Lumut, Daerah Manjung, Perak	Vacant Land and approved for development	4.50	Proposed mixed development	Freehold	2,039,000	2005 *
Lot 5614 (GRN61063) and Lot 5615 (GRN61064), Mukim Batang Padang, Perak	Vacant Land approved for development	14.74	Proposed mixed development	Freehold	660,000	2005 *
Lot 448 (New lot 13707, Mukim Batu, Daerah Kuala Lumpur	Vacant land approved for development	6.49	Proposed high rise condominium	Freehold	23,113,000	2007 *
Lot 3719, HSD 83603, Wilayah Persekutuan, Daerah Kuala Lumpur	Vacant land approved for development	2.98	Proposed mixed development	Freehold	12,336,000	2007 *
Lot 41023, 41024, 41025, 41026 Mukim Lumut, Daerah Manjung, Perak	Vacant land approved for development	48.62	Proposed mixed development	Freehold	24,240,000	2007 *
Lot 1612, Mukim Pengkalan Baharu, Perak	Vacant land approved for development	2.68	Proposed mixed development	Freehold	226,000	2008 *
Lot 15666, Mukim Sitiawan, Perak	Vacant land approved for development	2.32	Proposed mixed development	Freehold	1,272,000	2008 *
Lot 15700, Mukim Sitiawan, Perak	Vacant land approved for development	1.55	Proposed mixed development	Freehold	888,000	2008 *

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.18 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.18 (RM)	Year of Acquisition/ Last Revaluation
PT 11202 & PT 11388, Mukim Bentong, Pahang Darul Makmur	Vacant land	91.49	Proposed mixed development and resort development	Freehold	18,735,000	2008 *
Lot 382868 (old PT 212710), Mukim Hulu Kinta, Daerah Kinta, Perak	Vacant land approved for development	1.40	Proposed commercial development	Leasehold (24.7.2105)	6,007,000	2008 *
PT 2788, Mukim Lumut, Daerah Manjung, Perak	Vacant land approved for development	15.00	Proposed mixed development	Freehold	13,143,000	2008 *
PT 357017, Mukim Hulu Kinta, Daerah Kinta, Perak	Vacant land approved for development	1.00	Proposed mixed development	Leasehold (4.6.2103)	5,893,000	2008 *
Lot 29760 & 29761, Mukim Sungai Terap, Daerah Kinta, Perak	Vacant land approved for development	36.00	Proposed mixed development	Leasehold (25.11.2101)	5,782,000	2008 *
PT 6152, Mukim Pengkalan Baharu, Perak	Vacant land approved for development	2.92	Proposed mixed development	Freehold	615,000	2008 *
Lot 337443-Lot 307541, Mukim Kampar, Daerah Kampar, Perak	Vacant land approved for development	3.46	Proposed mixed development	Leasehold (10.2.2103)	1,507,000	2009 *
Lot 51845 (Old Lot 180, PT22972), Bandar Baru Seri Manjung, Mukim Sitiawan, Daerah Manjung, Perak	Vacant land approved for development	5.12	Proposed commercial development	Leasehold (15.6.2099)	4,028,000	2001
PT6151, Mukim Pengkalan Baru, Perak	Vacant land approved for development	3.16	Proposed mixed development	Freehold	991,000	2011 *
Lot 6254, Lot 307627-Lot 307696, PT 17105-PT 17194, Lot 308020-Lot 308097, Lot 305190, Mukim Kampar, Perak	Vacant land approved for development	12.70	Proposed mixed development	Freehold	18,248,000	2012 *
Lot 40931, Mukim Sitiawan, Perak	Vacant land	1.46	Proposed mixed development	Freehold	517,000	2011 *
Lot 412, Mukim Pengkalan Baharu, Perak	Vacant land	2.00	Proposed mixed development	Freehold	55,000	2011 *
PT10860 (PT 17284, Bal Pantai Hospital land) Mukim Lumut, Perak	Vacant land	1.30	Proposed mixed development	Freehold	1,140,000	2011 *
Lot 38321 (Lot 16060), Mukim Sitiawan, Perak	Vacant land	1.02	Residential development	Freehold	29,000	2012 *

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.18 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.18 (RM)	Year of Acquisition/ Last Revaluation
Lot 303864-Lot 303915, Mukim Belanja, Daerah Kinta	Vacant land	2.02	Residential development	Leasehold (29.1.2103)	400,000	2012 *
Lot 3624 (Lot 302158), Mukim Belanja, Daerah Kinta	Vacant land	6.81	Residential development	Leasehold (24.9.2100)	619,000	2012 *
Lot 214, Mukim of Kuala Lumpur	Vacant land approved for development	2.88	High Rise development	Freehold	35,482,000	2012 *
Lot 4958, Mukim Sayung, Kuala Kangsar	Vacant land	1.65	Residential development	Freehold	297,000	2012 *
Lot 4959,3332,3334,3337, Mukim Sayung, Kuala Kangsar	Vacant land	8.56	Residential development	Freehold	3,230,000	2012 *
Geran 7256 Lot 14837 Mukim Sitiawan, Perak	Vacant land	4.94	Residential development	Freehold	429,000	2012 *
Geran 7444, Lot 15680, Mukim Sitiawan (Balance of land), Perak	Vacant land	0.68	Residential development	Freehold	227,000	2012 *
PT 28260, Lot 16059, Mukim Sitiawan, Daerah Manjung, Perak	Vacant land	0.04	Residential development	Freehold	6,000	2012 *
Lot 966 EMR 1237 Mukim Sitiawan, Perak	Vacant land	0.89	Taman Mutiara - residential	Freehold	277,000	2012 *
Lot 4818 (Balance of commercial) (Plot 1, 22 dsth, and balance of land), Perak	Vacant land	0.91	Taman Samudera, residential	Leasehold (19.5.2091)	82,000	2001 *
Lot 9910 (PT 2818, PT 2819, PT 2803, PT 2804 & PT 2805) Balance Phase III, net off sports complex & bowling centre, Mukim Lumut, Daerah Manjung, Perak	Vacant land	2.76	Pusat Perniagaan Manjung Point Seksyen 3	Freehold	927,000	2001 *
HSD 15538, PT 5018, Bandar Teluk Intan, Perak	Vacant land	0.13	Commercial development - Bandar Baru Teluk Intan	Leasehold (24.09.2100)	388,000	2001 *
Lot 605, Mukim Kamunting, Daerah Larut & Matang, Perak	Vacant land	9.94	Vacant land	Freehold	2,981,000	2013 *
Lot 549, Mukim Kamunting, Daerah Larut & Matang, Perak	Vacant land	48.00	Vacant land	Freehold	11,519,000	2013 *
PT2800, PT2801, PT2802 (New - Lot 9907, 9908, 9909) (8.33 commercial area and Plot 1-132 residential), Perak	Vacant land	12.90	Manjung point Township	Freehold	3,119,000	2001

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.18 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.18 (RM)	Year of Acquisition/ Last Revaluation
Lot 1.88, Mukim Kampar, Perak	Vacant land	1.88	Vacant land	Leasehold (6.12.2111)	420,000	2013 *
PT320-PT331, Daerah Petaling, Selangor	Vacant land	1.57	Mixed development	Freehold	14,969,000	2013 *
Lot 2569, Mukim Sitiawan, Daerah Manjung, Perak	Vacant land	1.98	Mixed development	Freehold	5,485,000	2014
Lot 730, Mukim Sitiawan, Daerah Manjung, Perak	Vacant land	5.47	Mixed development	Freehold	2,631,000	2014
Lot 14825 & Lot 14826, Mukim Sitiawan, Daerah Manjung, Perak	Vacant land	8.13	Mixed development	Freehold	9,400,000	2014
PT28552, Mukim Sitiawan, Perak	Vacant land	0.39	Mixed development	Leasehold (27.1.2103)	-	-
Lot 6505, Mukim Lumut, Daerah Manjung	Vacant land	4.06	Mixed development	Freehold	-	2015
Lot 6507, Mukim Lumut, Daerah Manjung	Vacant land	6.72	Mixed development	Freehold	-	2015
Lot 1451, Mukim Pengkalan Baharu, Daerah Manjung	Vacant land	2.58	Vacant land	Freehold	1,289,000	2016
Lot 474, Mukim Pengkalan Baharu, Daerah Manjung	Vacant land	2.46	Vacant land	Freehold	1,306,000	2016
Lot 18948, Mukim Sitiawan	Vacant land	-	Vacant land	Leasehold	18,000	2016
Lot PT6676, 9445 and Lot 9240 to Lot 9248, Mukim of Lumut, Perak	Property, plant and equipment	1.44	Hotel operation	Freehold	29,438,000	2001
DEVELOPMENT PROPERTIES						
Lot 374, Mukim Pengkalan Baru, Perak	Development properties	0.19	Proposed development - commercial	Freehold	244,000	2004 *
Lot 4818 (PT4511-4571) Cosmos portion & 16 house, Mukim Lumut, Perak	Development properties	0.19	Proposed development - commercial (Taman Samudera)	Leasehold (19.5.2091)	285,000	2001
Lot 4818 - Balance of Phase 9 (Shop unit) Mukim Lumut (PT6398-PT6411, PT6412-PT6421), Perak	Development properties	0.84	Proposed development - commercial (Taman Samudera)	99 years (19.5.2091)	16,000	2001
PT 2812-2814 (Giant shop land), Perak	Development properties	0.39	Pusat Perniagaan Manjung Point 1	Freehold	76,000	2001

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.18 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.18 (RM)	Year of Acquisition/ Last Revaluation
Lot 4818 (behind office land - 24 shops land), Perak	Development properties		Proposed development of commercial units		-	-
Lot 4818 (behind office land - 12 units 2 1/1 house vacant plots)	Development properties	1.18	Proposed development of commercial units	Leasehold (19.5.2091)	659,000	2001
Lot 4818 (behind office land - LVSB car park & vacant land, PT10411), Perak	Development properties		Proposed development of commercial units (Taman Samudera)		(221,000)	2001
Lot 44, Mukim of Sitiawan Perak	Development properties	0.37	Commercial development - Medan Setiawan	Freehold	1,243,000	2005 *
EMR 523 Lot 600 Mukim Pengkalan Bharu, Perak	Development properties	0.15	Taman Bahtera – commercial and residential	Freehold	48,000	2001
Geran 7582 Lot 16047 Mukim Sitiawan, Perak	Development properties	0.10	Taman Sejati IV, Sitiawan – commercial and residential	Freehold	64,000	2001
CT 21662 Lot 11430 (New Lot 5942) Mukim Sitiawan, Perak	Development properties	0.11	Proposed mixed development – commercial and residential	Freehold	171,000	2001
Lot 26805 part of Geran 7255 Lot 14836 Mukim Sitiawan, Perak	Development properties	1.43	Taman Pelabuhan, Kg Acheh, Sitiawan – commercial and residential	Freehold	570,000	2001
Lot 10465, Mukim Sitiawan, Perak	Development properties	0.10	Commercial development	Freehold	196,000	2002
Lot 1883 & Lot 1884, Mukim Batu, Kuala Lumpur	Development properties	6.00	Commercial development Kiara 163	Freehold	107,141,000	2008 *
PT 2818, PT2819, PT2803, PT 2804 & PT 2805 (Jusco shops Phase l, ll & IIA), Mukim Lumut, Daerah Manjung, Perak	Development properties	27.77	Pusat Perniagaan Manjung Point Seksyen 3	Freehold	669,000	2001
Lot 48732, PT74000, Daerah Petaling, Mukim Petaling, Kuala Lumpur	Vacant land approved for development	2.38	Proposed high rise condominium - Sfera Residensi	Freehold	70,825,000	2013
Lot 9910, Plot 35-Plot 96, PPMP 2, Mukim Lumut, Daerah Manjung, Perak	Development properties	2.19	Pusat Perniagaan Manjung Point Seksyen 2	Freehold	735,000	2001 *

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.18 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.18 (RM)	Year of Acquisition/ Last Revaluation
Geran 7585 Lot 16050 Mukim Sitiawan, Perak	Planted wth palm oil and approved for developement	9.00	Taman Sejati III, Sitiawan, commercial and residential	Freehold	72,000	2001
Lot 1616, Mukim Pengkalan Baharu, Perak	Development properties	7.61	Mixed development - Taman Pancur Damai	Freehold	1,533,000	2004 *
Lot 1440, Mukim Pengkalan Baharu, Perak	Development properties	1.15	Mixed development	Freehold	1,758,000	2011 *
Lot 441, Mukim Pengkalan Baharu, Perak	Development properties	0.97	Mixed development	Freehold	832,000	2011 *
Lot 6278 (PT14173-PT14186), Mukim Lumut, Perak	Development properties	0.95	Proposed mixed development	Freehold	-	2011 *
Lot 42693, Mukim Sitiawan	Development properties	-	Residential development	Freehold	-	2012
Lot 42693, Mukim Sitiawan	Development properties	0.32	Commercial units	Freeehold	60,000	2012
Lot 6505, Mukim Lumut, Daerah Manjung	Development properties	0.96	Commercial units	Freehold	-	2015
Lot 6507, Mukim Lumut, Daerah Manjung	Development properties	1.31	Commercial units	Freehold	-	2015
HS (D) Dgs 11772 PT 8073 Mukim Lumut, Perak	Development properties	6.93	Manjung Point Sekyen II	Freehold	7,553,000	2001 *
PT 28552, Mukim Sitiawan, Perak	Vacant land	0.39	Mix development	Leasehold (27.1.2103)	400,522	2001*
INVESTMENT PROPERTIES						
PT 6706-6724, Daerah Manjung (Fasa 2B), Perak	Investment property	0.70	Shop houses	Leasehold land (expired 29.8.2081)	2,469,000	2001 *
Lot 1077, Geran 11310, Section 57, Kuala Lumpur	Investment property - Proposed Menara YNH	3.00	Vacant Land	Freehold	106,301,000	2005
PT 2838 (Lot 13107), Mukim Lumut, Perak	Investment property - Proposed Hotel & a completed petrol station	5.00	Vacant Land & Shell Petrol station building	Freehold	2,707,000	2011 *
Plot 276, Pusat Perniagaan Manjung Point Seksyen 1, Seri Manjung, Perak	Investment property - Multi purpose sports complex	2.25	Multi purpose sports complex	Freehold	2,739,000	2001

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.18 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.18 (RM)	Year of Acquisition/ Last Revaluation
Lot 10466 Stall & Futsal, Medan Sejahtera II, Mukim Sitiawan, Perak	Investment property - Food Stall & Futsal	1.03	Futsal and Foodcourt	Freehold	1,612,000	2001 *
Hawker center, Taman Samudera, Seri Manjung, Perak	Investment property - Hawker center	N/A	Hawker center building	N/A	467,000	2009 *
Lot 382868 (old PT212710), Mukim Hulu Kinta, Daerah Kinta, Perak	Investment property - Hotel	1.40	Vacant land	Leasehold (24.7.2105)	1,392,000	2008
PT357017, Mukim Hulu Kinta, Daerah Kinta, Perak	Investment property - Hotel	1.00	Vacant land	Leasehold (4.6.2103)	2,433,000	2008
PT 15074, Mukim Lumut, Daerah Manjung	Investment property - AEON Shopping Mall	30.25	AEON Shopping Complex	Freehold	221,073,000	2015
Lot 163, Jln Perak, Kuala Lumpur (Level 3, 4, 9, 12, 13)	Investment property Hotel	0.90	Fraser Place Kuala Lumpur	Freehold	42,098,000	2015
Lot 15010 (Part Lot 2793, part 2794), Mukim Lumut, Daerah Manjung	Investment property - City Harbour International School	15.00	International School	Freehold	32,594,000	2015
PT15244-PT15249, PT15250-15264, Mukim Lumut, Daerah Manjung, Perak	Investment property - Hawker center & Hotel Car Park	0.63	Hotel Hawker center & car park	Freehold	3,098,000	2001
JOINT DEVELOPMENT PROPERTIES						
Lot 4753, Mukim Batu, Daerah Kuala Lumpur	Joint development properties	5.14	Proposed high rise condominium	Freehold	11,634,000	N/A
Lot 449, Mukim Batu, Tempat Segambut, Daerah Kuala Lumpur	Joint development properties	5.07	Proposed high rise condominium	Freehold	378,000	N/A
Lot 400, Mukim Lumut, Daerah Manjung, Perak	Joint development properties	36.97	Proposed mixed development	Leasehold (15.11.2105)	4,188,000	N/A
Lot 10153, Mukim Lumut, Daerah Manjung	Joint development properties	34.67	Proposed mixed development	Leasehold (22.11.2103)	278,000	N/A
Lot 13079, Mukim Lumut, Perak	Joint development properties	0.32	Mixed development	Freehold	663,000	N/A
Lot 14838, Mukim Sitiawan, Daerah Manjung, Perak	Joint development properties	3.90	Mixed development	Freehold	315,000	N/A

* *Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.18 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.18 (RM)	Year of Acquisition/ Last Revaluation
Lot 16061, Mukim Sitiawan, Daerah Manjung, Perak	Joint development properties	8.94	Mixed development	Freehold	13,000	N/A
Lot 2497-2499, Mukim Kuala Lumpur, Daerah Kuala Lumpur	Vacant land approved for development	-	Proposed mixed development	Freehold	-	N/A
PT12157 & PT12158 (Lot 47330 & Lot 47331), Mukim Dengkil, Daerah Sepang	Vacant land approved for development	2.70	Proposed mixed development	Freehold	-	N/A
Lot 48632, Mukim Kuala Lumpur, Daerah Kuala Lumpur	Vacant land approved for development	6.28	Proposed mixed development	Freehold	168,000	-
Lot 224018, Mukim Hulu Kinta, Ipoh, Perak	Joint development properties	0.14	Commercial development	Freehold	8,000	N/A
Lot 224019, Mukim Hulu Kinta, Ipoh, Perak	Joint development properties	0.17	Commercial development	Leasehold	21,000	N/A
GRAND TOTAL		1,303.00			1,083,135,000	

STATEMENT OF SHAREHOLDINGS as at 10 April 2019

Issued and Fully Paid-up Capital	:	RM528,487,067 (Excluding 512,512 treasury shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

BREAKDOWN OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Shares	No. of Holdings	% of Shares
Less than 100	4,284	51.25	169,213	0.03
100 – 1,000	2,103	25.29	524,307	0.10
1,001 – 10,000	1,150	13.83	4,295,328	0.81
10,001 – 100,000	454	5.46	13,599,906	2.57
100,001 – 26,449,977 (*)	324	3.89	459,819,130	87,01
26,449,978 and above (**)	1	0.01	50,079,183	9.48
TOTAL	8,316	100.00	528,487,067	100.00

Note: * - Less than 5% of issued holdings
** - 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS AS AT 10 April 2019

According to the Register of Substantial Shareholders required to be kept under Section 144 of the Companies Act 2016, the following are the substantial shareholders of the Company:

Name of Substantial Shareholders	Direct Interest (A)	%	Indirect Interest (B)	%	Total Interest (A+B)	%
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	127,418,050	24.11	38,419,507	7.27	165,837,557	31.38
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	23,656,810	4.48	129,838,218	24.57	153,495,028	29.05

STATEMENT OF SHAREHOLDINGS as at 10 April 2019
(cont'd)

DIRECTORS' INTERESTS AS AT 10 April 2019

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 the directors' interests in the ordinary share capital of the Company and its subsidiaries are as follows:

Shares in the Company

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	127,418,050	24.11	38,419,507	7.27	165,837,557	31.38
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	23,656,810	4.48	129,838,218	24.57	153,495,028	29.05
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	554,123	0.10	-	-	554,123	0.10
Ching Nye Mi @ Chieng Ngie Chay	7,231,628	1.37	28	0.00	7,231,628	1.37
Ding Ming Hea	1,286,677	0.24	-	-	1,286,677	0.24

By virtue of their interests in the ordinary shares of the Company, Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS and Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT are deemed to be interested in the ordinary shares of subsidiaries to the extent that the Company has an interest.

None of the other directors had any interest in the ordinary shares in the Company's related corporations.

LIST OF TOP THIRTY HOLDERS AS AT 10 April 2019

	Name of Holder	Holdings	%
1.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Kenanga Investors Bhd	50,079,183	9.48
2.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C- R ES)	25,500,099	4.83
3.	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad (Hedging)	18,722,261	3.55
4.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Ng Paik Pheng (PBCL-0G0119)	13,975,464	2.64
5.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Yu Kuan Chon (01-00868-000)	13,078,000	2.47
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	12,146,371	2.30
7.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Weng Fui	10,674,778	2.02
8.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Swee Ming	10,656,785	2.02
9.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	10,060,417	1.90
10.	Maybank Nominees (Tempatan) Sdb Bhd Pledged Securities Account for Yu Kuan Huat	9,287,140	1.76
11.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd.	8,928,465	1.69

STATEMENT OF SHAREHOLDINGS as at 10 April 2019
(cont'd)

LIST OF TOP THIRTY HOLDERS AS AT 10 April 2019 (cont'd)

	Name of Holder	Holdings	%
12.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	8,488,854	1.61
13.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Yu Kuan Chon (PB)	8,411,530	1.59
14.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Yu Kuan Chon (PBCL-0G0311)	8,343,500	1.58
15.	HSBC Nominees (Asing) Sdn Bhd BPSS LUX for Aberdeen Standard SICA VI - Asian Smaller Companies Fund	7,897,766	1.49
16.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Irama Gigih Sdn Bhd	7,116,230	1.35
17.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	6,997,000	1.32
18.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Leong Wouh	6,508,438	1.23
19.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Huat	5,874,094	1.11
20.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Fung Neng	5,842,717	1.11
21.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	5,404,971	1.02
22.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	5,319,355	1.01
23.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	4,816,101	0.91
24.	RHB Capital Nominess (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon (CEB)	4,710,638	0.89
25.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group INC	4,602,493	0.87
26.	JF APEX Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon (Margin)	4,388,000	0.83
27.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Chan Sow Keng (SMART)	4,314,738	0.82
28.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	4,185,584	0.79
29.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Leong Wouh	4,056,212	0.77
30.	RHB Capital Nominess (Tempatan) Sdn Bhd Pledged Securities Account for Liew Kok Tze	3,939,061	0.75
	TOTAL	**294,376,245**	**55.71**

PROXY FORM

I/We, ____

NRIC No./Company No. ______________________ of ______________________

____ being a member of

YNH Property Bhd hereby appoint the following person(s):

Name of proxy & NRIC No.	No. of shares	%
1.		
2.		

or failing him/her

1.		
2.		

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on 28 May 2019 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Business		For	Against
1. The payment of Directors' Fees	Resolution 1		
2. The payment of Directors' Benefits	Resolution 2		
3. The re-election of Directors: Ching Nye Mi @ Chieng Ngie Chay Ding Ming Hea	 Resolution 3 Resolution 4		
4. The re-appointment of Auditors and their remuneration	Resolution 5		
Special Business			
5. Retention of Independent Non-Executive Directors: Dato' Robert Lim @ Lim Git Hooi, DPMP, JP Ching Nye Mi @ Chieng Ngie Chay Ding Ming Hea	 Resolution 6 Resolution 7 Resolution 8		
6. Proposed Renewal of Share Buy Back Authority	Resolution 9		
7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature	Resolution 10		
8. Proposed Adoption of New Constitution of the Company	Special Resolution		

Please indicate with (✓) how you wish your vote to be cast.

No. of shares held	
CDS Account No.	

Date:

....
Signature of Shareholder

NOTE:

a) A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend, speak and vote instead of him/her. A proxy must be 18 years and above.
b) A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
c) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
d) Where a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
e) The instrument appointing a proxy must be deposited at the registered office of the Company, 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting. All resolutions set out in the Notice of the Meeting are to be voted by poll.
f) Depositors who appear in the Record of Depositors as at 17 May 2019 shall be regarded as Member of the Company entitled to attend the Sixteenth Annual General Meeting or appoint one or two proxies to attend, speak and vote on his/her behalf.

+If it is desired to appoint another person as a proxy, the words "the Chairman of the Meeting" should be deleted and the name of the proxy should be inserted in block capitals, and the alteration should be initialed.

In the case of a corporation, the proxy must be executed under its Common Seal, or under the hand of a duly authorised officer.

fold

80 Sen Stamp
(within Malaysia)

The Secretary
YNH PROPERTY BHD (561986-V)
55A, MEDAN IPOH 1A
MEDAN IPOH BISTARI
31400 IPOH, PERAK DARUL RIDZUAN
MALAYSIA

fold

YNH PROPERTY BHD
(Company No.: 561986-V)
(Incorporated in Malaysia)

No. 188, Jalan PPMP 3/3,
Pusat Perniagaan Manjung Point 3,
32040 Seri Manjung,
Perak Darul Ridzuan, Malaysia.
Tel: 6-05-688 1128
Fax: 6-05-688 1388
Email: karsin@streamyx.com
Website: www.ynhb.com.my