

# Annual Report 2019



**YNH PROPERTY BHD**

Registration No.: 200101026228 (561986-V)

**CONTENTS**

Notice of Eighteenth Annual General Meeting	2
Statement Accompanying Notice of the Eighteenth Annual General Meeting	6
Corporate Information	7
Corporate Structure	9
Profile of the Board of Directors	10
Key Senior Management Profile	12
Financial Highlights	13
Chairman's Statement	14
Management Discussion & Analysis	16
Corporate Governance Overview Statement	17
Sustainability Statement	24
Additional Compliance Information	30
Statement on Risk Management and Internal Control	31
Audit Committee Report	33
Directors' Report	35
Statements of Financial Position	41
Statement of Comprehensive Income	43
Statements of Changes in Equity	44
Statements of Cash Flows	47
Notes to the Financial Statements	51
Statement By Directors	142
Statutory Declaration	143
Independent Auditors' Report	144
List of Properties	150
Statement of Shareholdings	162
Proxy Form	

## NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighteenth 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 Monday, 28 September 2020 at 11.45 a.m. for the following purposes:

### AGENDA

#### AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019, together with the Directors' and Auditors' Reports thereon.
2. To approve the payment of a final single tier dividend of two point five sen (2.5 sen) per Ordinary Share. **(Resolution 1)**
3. To approve the payment of Directors' Fees of RM152,830 in respect of the financial year ended 31 December 2019. **(Resolution 2)**
4. To approve the payment of Directors' Benefits (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM228,000 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 3)**
5. To re-elect the following Directors retiring pursuant to the Constitution of the Company:
  - Dato' Robert Lim @ Lim Git Hooi, DPMP, JP **(Resolution 4)**
  - Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS **(Resolution 5)**
6. 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 6)**

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

7. **Retention of Independent Non-Executive Directors**
  - 7.1 That subject to his re-election as a Director of the Company under Ordinary Resolution No. 4, 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 twelve (12) years be retained, to continue to act as an Independent Non-Executive Director of the Company. **(Resolution 7)**
  - 7.2 That 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 twelve (12) years be retained, to continue to act as an Independent Non-Executive Director of the Company. **(Resolution 8)**
  - 7.3 That Ding Ming Hea who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years be retained, to continue to act as an Independent Non-Executive Director of the Company. **(Resolution 9)**

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

### **8. Proposed Renewal of Share Buy Back Authority**

**(Resolution 10)**

"That, subject to the Companies Act, 2016, the provisions of the Company's Constitution, 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 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 Constitution 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 EIGHTEENTH ANNUAL GENERAL MEETING** (cont'd)

### **9. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions (Resolution 11) of A Revenue or Trading Nature**

"That, subject to the Companies Act, 2016 ("Act"), the Constitution 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 Statement/Circular to Shareholders dated 30 June 2020, 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."

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 EOI LENG** (SSM PC No. 202008003055) (MAICSA 7030866)

**CHENG GHEE CHENG** (SSM PC No. 202008002000) (LS 0004598)

Company Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia  
30 June 2020

**NOTICE OF EIGHTEENTH 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 office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, 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 18 September 2020 shall be regarded as Member of the Company entitled to attend the Eighteenth Annual General Meeting or appoint one or two proxies to attend, speak and vote on his/her behalf.

**EXPLANATORY NOTES****1) Payment of Directors' Benefits to Non-Executive Directors**

The Company had, during its Seventeenth Annual General Meeting held on 28 May 2019 obtained its shareholders' approval for the mandate on the payments of Directors' benefits to Non-Executive Directors of RM170,000 which is insufficient due to the 2020 Annual General Meeting ("AGM") of the Company has been extended to 28 September 2020. Therefore, the Company will seek for shareholders' approval at this forthcoming AGM for the additional amount of RM58,000 to meet the shortfall.

**2) 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 twelve (12) 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.

**2019 ANNUAL REPORT AND STATEMENT/CIRCULAR TO SHAREHOLDERS**

The 2019 Annual Report and Statement/Circular to Shareholders dated 30 June 2020 are available at the Company's website, [www.ynhb.com.my](http://www.ynhb.com.my). Printed copy of the Annual Report and Statement/Circular to Shareholders shall be provided to the shareholders within 4 market days from the date of receipt of the request.

**STATEMENT ACCOMPANYING  
NOTICE OF THE EIGHTEENTH 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**

Dato' Robert Lim @ Lim Git Hooi, DPMP, JP and Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS who retire pursuant to the Constitution 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 2019 till 31 December 2019:

26 February 2019  
26 April 2019  
28 May 2019  
30 August 2019  
22 November 2019

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

<b>Name of Directors</b>	<b>Number of Meetings</b>	<b>Number of Meetings Attended</b>
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	5	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 Eoi Leng (MAICSA 7030866)  
(SSM PC No. 202008003055)  
Cheng Ghee Cheng (LS 0004598)  
(SSM PC No. 202008002000)

### Registrars

Boardroom Share Registrars Sdn. Bhd.  
11th Floor, Menara Symphony  
No. 5, Jalan Professor Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan, 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 Darul Ehsan, Malaysia  
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.

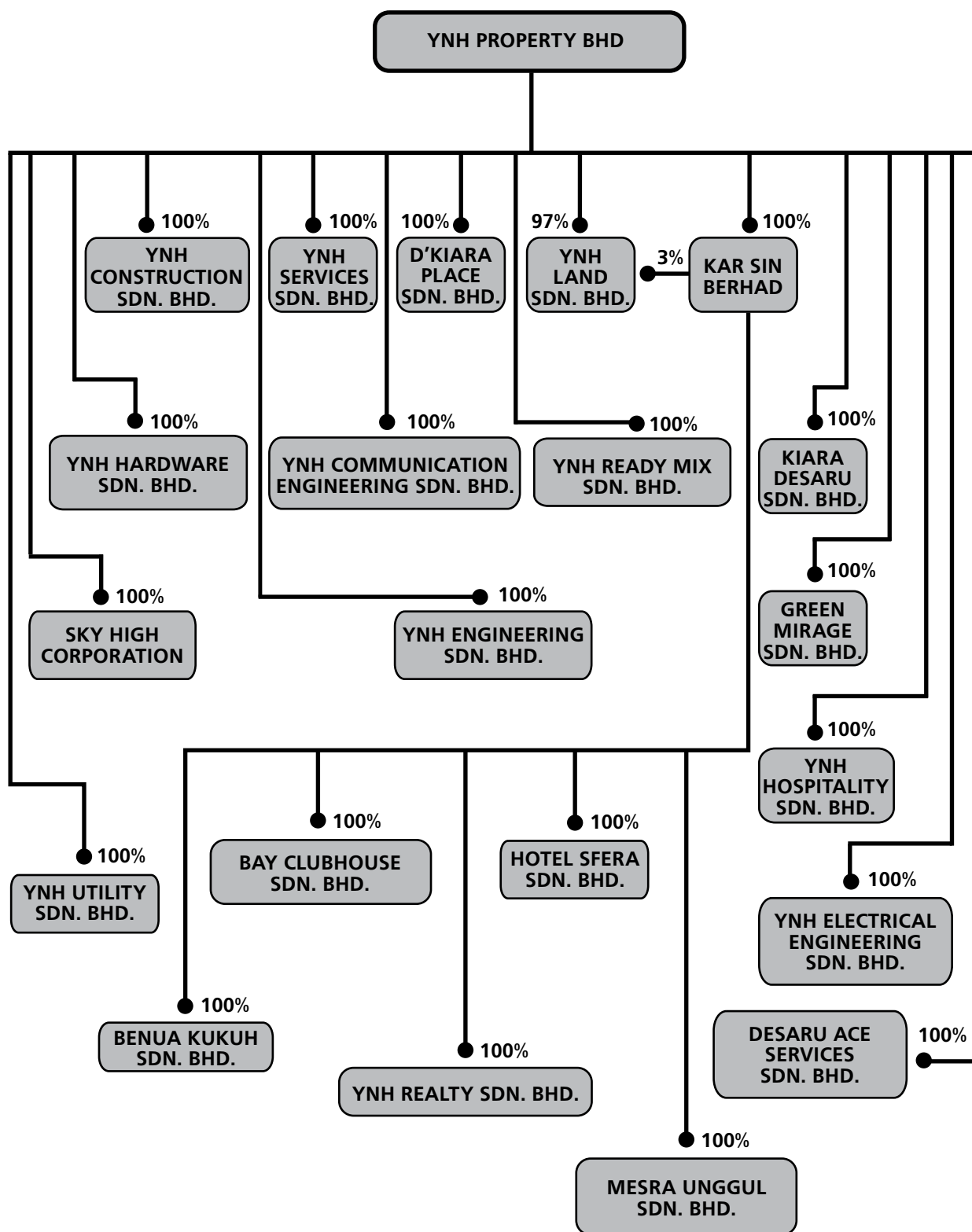
### **Principal Bankers**

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

58 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 hospitals, 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 five (5) Board of Directors' Meetings held during the financial year ended 31 December 2019.

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.

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

62 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 five (5) Board of Directors' Meetings held during the financial year ended 31 December 2019.

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.

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## **PROFILE OF THE BOARD OF DIRECTORS** (cont'd)

**DATO' ROBERT LIM @ LIM GIT HOOI**, DPMP, JP

81 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 five (5) Board of Directors' Meetings held during the financial year ended 31 December 2019.

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.

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**CHING NYE MI @ CHIENG NGIE CHAY**

73 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 five (5) Board of Directors' Meetings held during the financial year ended 31 December 2019.

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**

56 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 five (5) Board of Directors' Meetings held during the financial year ended 31 December 2019.

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 62

(Please refer to his profile as listed in Profile of the Board of Directors)

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

Executive Director

Malaysian, Male, aged 58

(Please refer to his profile as listed in Profile of the Board of Directors)

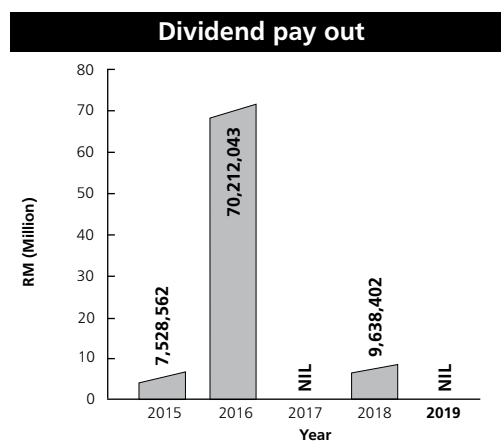
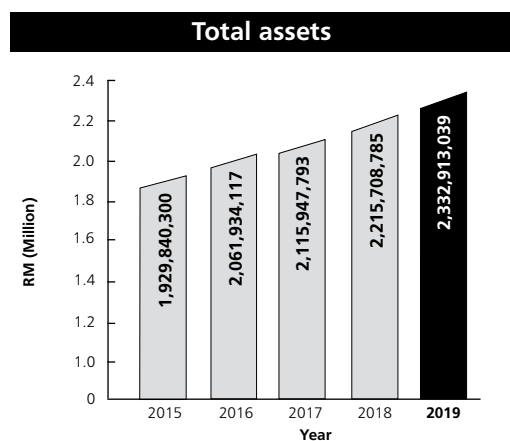
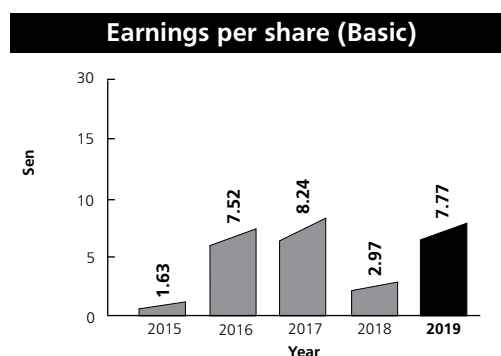
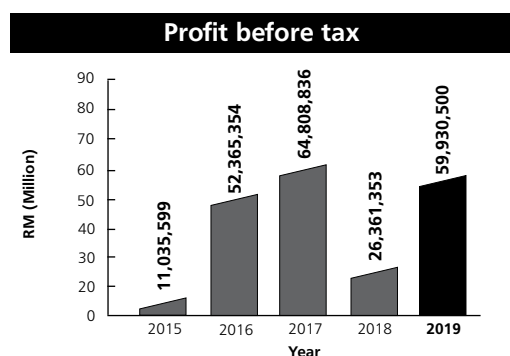
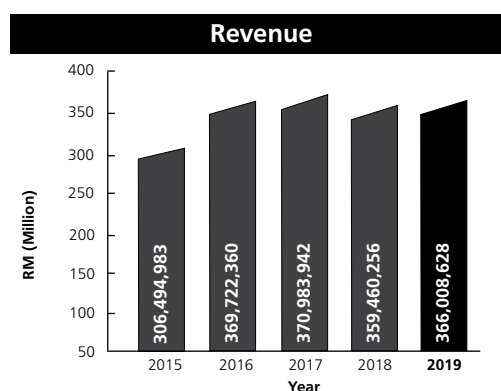
## FINANCIAL HIGHLIGHTS

### FIVE YEARS FINANCIAL HIGHLIGHTS

	2015*	2016*	2017#	2018#	2019#
Revenue (RM)	306,494,983	369,722,360	370,983,942	359,460,256	366,008,628
Profit before tax (RM)	11,035,599	52,365,354	64,808,836	26,361,353	59,930,500
Earnings per share (Basic) - Sen	1.63	7.52	8.24	2.97	7.77
Total assets (RM)	1,929,840,300	2,061,934,117	2,115,947,793	2,215,708,785	2,332,913,039
Dividend pay out (RM)	7,528,562	70,212,043	NIL	9,638,402	NIL

\* 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



## CHAIRMAN'S STATEMENT

### Dear Valued Shareholders,

On behalf of the Board of Directors of YNH Property Bhd ("YNHP"), it is my honour to present to you the Annual Report and Audited Consolidated Financial Statements of the Company and its subsidiaries ("the Group") for the financial year ended 31 December 2019.

Malaysia's economy expanded at a steady pace of 4.3 percent in 2019 despite a weaker year in global growth, supported by resilient domestic demand.

Against the backdrop of a challenging environment both globally and domestically, as well as tighter lending rules by the central bank, 2019 was another subdued year for the property sector overall.

Notwithstanding the tougher operating environment, the Group has managed to increase our profit from the previous year. I'm proud to report that the Group has posted a net profit of RM41.08 million for the financial year ended 31 December 2019, on the back of RM366.0 million revenue.

During the year, YNHP has continued to rely on ongoing township development in Manjung District, Perak for stable revenue contribution, while a few key projects in the Klang Valley also contributed to our earnings.

YNH had established a RM750.0 million in nominal value of unrated perpetual securities issuance programme in May 2019. The proceeds of which are intended for investments, working capital, as well as to repay borrowings. The Group's gearing ratio has reduced to 84% at the end of December 2019, from 116% at the end of December 2018.

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

The 6-acres mixed development project in Mont Kiara, Kiara 163, has a total Gross Development Value of RM1.3 billion. Development of the project is done in 2 Phases; Phase 1 consists of The 163 Retail Park and Small Office Versatile Office ("SOVO") tower, while Phase 2 consists of The OOK serviced apartments and The OOK Suites.

The Group had in the 4th Quarter of 2018 completed The 163 Retail Park, and we are proud to report that in less than a year of operation, The 163 Retail Park had achieved occupancy of more than 90%. Being one of the main attraction of the development, The 163 Retail Park will allow residents and tenants to have a seamless life, work and play lifestyle. The Small Office Versatile Office (SOVO) Tower for Kiara 163 had been completed and handed over in the 1st Quarter of FY2019.

We are currently focusing on the development of The OOK serviced apartments and The OOK Suites. Phase 2 of Kiara 163 is targeted to complete by end of 2020 or early 2021.

### **Solasta Dutamas**

YNH's latest project, Solasta Dutamas is a proposed freehold serviced apartment located within the Mont Kiara neighbourhood. Solasta Dutamas consists of 3 blocks of serviced apartments with a total of 1,159 units. The project's strategic location in a matured neighbourhood, being less than 10 km away from Kuala Lumpur City Centre, efficient unit layouts and competitive pricing will attract young working executives who are buying their first homes and customers who prefer to stay nearer to their work places for convenience.

### **Genting Highlands Development**

The Company has in the final quarter of 2008 acquired 95 acres of strategic development land bank in Genting Highlands. The Genting land is located strategically next to the Genting Highlands Resort and was acquired for RM16.05 million. The advantage of this land bank is that the purchase consideration is very low and it comes with infrastructure. The land has already been converted to building title. The proximity to the existing Genting Highlands Resort is an advantage as the proposed development will complement the existing infrastructure. Other plus point for this development is that it is located in a cool environment and yet only 45 minutes drive from the Kuala Lumpur City Centre.

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

### **Genting Highlands Development** (cont'd)

The proposed development for this 95 acres land includes commercial units, bungalows, condominium, retail units which will be targeted at both local and foreign investors. The estimated gross development value for this future development is RM1.96 billion and it is expected to contribute to the Group's earnings in the next 20 years.

### **Development Projects in Perak**

The Group has successfully completed the construction of AEON Mall Seri Manjung in year 2012 and Pantai Specialist Centre at Seri Manjung in November 2013. The presence of AEON Mall Seri Manjung and Pantai Specialist Centre will further enhance the value of our remaining 700 acres of undeveloped land bank in the Manjung Point Township.

The Group's current on-going projects in Perak include, Manjung Point Section 2 and Manjung Point Section 3 projects.

### **Outlook**

This year is shaping up to be a challenging year for the global economy, as the world is scrambling to control the COVID-19 pandemic. All of us are confronted with great uncertainties stemming from this unprecedented crisis and the disruptions caused by the containment measures.

Having said that, YNHP is a Group with decades of history since its inception and we have weathered several economic crises and downturns in the past. We are confident that the Group will remain resilient and is able to sail past this storm successfully. It is also worth noting that development and construction work for the Group's ongoing projects have resumed in May 2020, subsequent to some relaxation in COVID-19 lockdown rules by the Government.

Moreover, The Malaysian Government has rolled out economic stimulus packages in response to the impact of the pandemic. We believe that the overall economy will improve in the longer term. The economic stimulus packages announced by the Government for the property sector will also boost the property industry.

We remain cautiously optimistic that our latest project, Solasta Dutamas, is on track to be launched by the end of this year, subject to the prevailing market conditions.

### **Acknowledgement**

On behalf of the Board of Directors, I would like to thank the management team and all our employees for their tireless and continuous effort in ensuring the Group's success. I would also like to take the opportunity to express my gratitude to our customers, bankers and business associates for their unwavering support all these years. My heartfelt appreciation also extended to our customers for always believing in us.

Lastly, I want to express my appreciation to my fellow Board members for their contribution to the Group.

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



## MANAGEMENT DISCUSSION & ANALYSIS

For the year 2019, 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, Sfera Residensi and progressive profit recognition from Kiara 163 Phase 2, and Manjung Point Section 2 and Manjung Point Section 3 projects.

Sales from the Group's projects such as the The OOAK serviced apartments and The OOAK Suites of Kiara 163 Phase 2, 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 2020.

The Board is optimistic of our Kiara 163 Phase 2, The OOAK serviced apartments and The OOAK Suites, with a balance GDV totalling approximately RM200 million, will contribute positively to the Group's earnings in 2020.

The Kiara 163 Retail Park which commenced operations in December 2018 achieved occupancy above 90% in the first year. The outbreak of Covid-19 Pandemic and the implementation of Movement Control Order by the Malaysian Government has impacted the mall negatively in the first half of 2020. The mall has a healthy mix of tenants and is expected to recover in the second half of the year. Going forward, the Management is confident that the Mall will perform well. As at end of May 2020, we have observed that the business of the mall is recovering better than our expectations.

The Group is still on track to launch the latest project, Solasta Dutamas, by end of 2020. Solasta Dutamas has a GDV of approximately RM700 million, and is expected to contribute positively to the Group's earnings for the next 3 years.

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

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

The Group is making preparations for the launch of the first phase of the Project in Genting Highlands, which has a GDV of RM700 million and planned for launch after the Solasta Dutamas Project. The first phase will occupy approximately 5 acres of the 95 acres land bank in Genting Highlands. We are currently in negotiations with potential joint venture partners, local and foreign parties to add value to the development.

In addition, the Management wishes to update that the relevant approvals had been obtained for the Menara YNH Mixed Development Project.

The Management is looking at other capital market structure to raise funds for the Group.

## **CORPORATE GOVERNANCE OVERVIEW STATEMENT**

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

The Board is pleased to report on the manner that the Group has complied with the relevant principle and recommendations of good governance as set out in the Malaysian Code on Corporate Governance (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 2019. Details of the attendance of the directors at the Board Meetings are presented in the Statement Accompanying the Notice of the Eighteenth 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 reviewed and updated periodically to ensure it complies with the 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](http://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
- Anti-Bribery and Corruption 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 have access to all information within the Group.

A formal procedure was implemented to enable the Board or in their individual capacity to obtain independent professional advice at the 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 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 two (2) 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 Main Market Listing Requirements;
- Ensuring that 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 of five (5) members, one (1) of whom is the Executive Chairman and one (1) is the Managing Director whilst the remaining three (3) are the Independent Non-Executive Directors. The Board has reviewed the composition of its members and has decided to maintain the Board members to five (5) having regards to the current level of activities.

There is a 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 enhances 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)

Member : 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 2019 are as follows:

The Company	Salary & Bonus RM'000	Fees RM'000	Allowance RM'000	Benefits-in-kind RM'000	Total RM'000
<b>Executive Directors</b>					
Dato' Dr. Yu Kuan Chon	-	-	-	-	-
Dato' Yu Kuan Huat	-	-	-	-	-
<b>Non-Executive Directors</b>					
Dato' Robert Lim @ Lim Git Hooi	-	57	65	-	122
Ching Nye Mi @ Chieng Ngie Chay	-	48	48	-	96
Ding Ming Hea	-	48	48	-	96
<b>Total</b>	<b>-</b>	<b>153</b>	<b>161</b>	<b>-</b>	<b>314</b>

The Group	Salary & Bonus RM'000	Fees RM'000	Allowance RM'000	Benefits-in-kind RM'000	Total RM'000
<b>Executive Directors</b>					
Dato' Dr. Yu Kuan Chon	5,145	-	-	-	5,145
Dato' Yu Kuan Huat	5,145	-	-	68	5,213
<b>Non-Executive Directors</b>					
Dato' Robert Lim @Lim Git Hooi	-	-	-	-	-
Ching Nye Mi @ Chieng Ngie Chay	-	-	-	-	-
Ding Ming Hea	-	-	-	-	-
<b>Total</b>	<b>10,290</b>	<b>-</b>	<b>-</b>	<b>68</b>	<b>10,358</b>

## 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 every 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) Preference Shares – An Alternative to Borrowings.
- b) Recent Developments in Listing Requirements – Bonus Issue, Corporate Website & Corporate Disclosure.
- c) Non-Related Party Transactions Framework.

Ding Ming Hea has also attended a AIBIM Law Seminar 2019 on a Guide to Dispute Resolution in Islamic Finance.

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 a sound risk management and internal control practices to good corporate governance. In this respect, the Board affirms its overall responsibility for the Group's system of internal control and risk management, and for reviewing the adequacy and integrity of these 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 risk which might have an impact on the 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 scrutinising 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 to ensure 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 year and of their profit or loss and cash flows for the year 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 directors 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 on 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 22 June 2020.

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](http://www.ynhb.com.my).



## SUSTAINABILITY STATEMENT

### Sustainability Reporting

The Board of Directors “Board” of YNH Property Bhd “YNHP” is pleased to present our Group Sustainability Statement for year 2019, which is prepared in accordance with Bursa Malaysia Sustainability Reporting Guidelines. This report illustrates the Group’s sustainability challenges and opportunities.

YNHP is an investment holding company with subsidiaries involved in property development, construction and property investment.

### Sustainability Governance Structure

The Board has the overall responsibility for the Group’s sustainability strategy and performance. It ensures that the Group’s sustainability plans are aligned to corporate strategies and drive business performance. The Executive Director is primarily in control of strategic planning and the Senior Management team is responsible in managing, monitoring, and evaluating all the sustainability matters and ensure that these are under control and in line with the Group’s policies and others relevant requirements.

The sustainability governance structure of the Group is as follows:

Committee	Responsibilities
Board of Directors	<ul style="list-style-type: none"> <li>• Approve and monitor the development of corporate sustainability strategy, policies and business performance.</li> </ul>
Executive Directors	<ul style="list-style-type: none"> <li>• Control and provide the overall direction, make decision and drive the execution for all sustainability matters.</li> </ul>
Senior Management Team	<ul style="list-style-type: none"> <li>• Manage the implementation of the sustainability strategies and policies within the respective department.</li> <li>• Monitor and provide constant update to the Executive Director in relation to the department’s sustainability performance as set out by the Board of Directors.</li> <li>• Identify, assess, evaluate, manage and report material sustainability risks and opportunities relevant to the Group’s operations for approval.</li> <li>• Facilitate the sustainability disclosures as required by laws and regulations and subsequently recommend for approval.</li> </ul>

The implementation of our strategies on sustainability is available at the Company’s website at [www.ynhb.com.my](http://www.ynhb.com.my).

### Scope

The scope of this sustainability statement encompasses on the Group’s business divisions comprising property development, construction and property investment. The Group works to achieve sustainability growth and enhance long term value for its stakeholders by building and delivering our products at a high quality level with competitive price to our customers. We are committed to deliver our products with high value, safely and on a timely basis.

The introduction to sustainability reporting marks the beginning of a deeper commitment towards discharging our social responsibility. Our management is taking steps to look into progressive improvement of our sustainability practices.

## SUSTAINABILITY STATEMENT (cont'd)

### Stakeholder Engagement

The Board has collaborated with the Group's stakeholders to understand their needs and to adopt key concerns into our business plans and strategies. The effort is as summarised in the table below:

Key Stakeholders	Engagement Method	Engagement Focus	Management's Respond
Employees	<ul style="list-style-type: none"> <li>• Management Meetings</li> <li>• Internal communications</li> <li>• Apprenticeship Programme</li> <li>• Internal/External training</li> <li>• Employee recreation</li> <li>• Performance appraisals</li> </ul>	<ul style="list-style-type: none"> <li>• Work performance</li> <li>• Knowledge, skills and future prospect enhancement</li> <li>• Team work</li> <li>• Safety facility and working environment</li> <li>• Staff welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Suggestions on areas for improvement</li> <li>• Annual performance review</li> <li>• Career enhancement through trainings</li> <li>• Appreciation lunch/dinner gathering</li> <li>• Sport Club</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Advertisements and marketing team</li> <li>• Social media networks</li> <li>• Sales brochures</li> <li>• Company's website</li> <li>• Customer complain response department</li> </ul>	<ul style="list-style-type: none"> <li>• Product design and features</li> <li>• Price competitiveness</li> <li>• Quality products to match value for money</li> <li>• Customer satisfaction on the products and services delivered</li> </ul>	<ul style="list-style-type: none"> <li>• Quality and Environmental Systems through ISO 9001:2015 and ISO 14001:2015</li> <li>• On time delivery</li> <li>• Responsive support team</li> </ul>
Contractors and Suppliers	<ul style="list-style-type: none"> <li>• Consultant/Contractors meetings</li> <li>• Contract negotiation</li> <li>• Tender process</li> <li>• Site inspection</li> <li>• Regular engagement with suppliers</li> <li>• Supplier assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Transparent procurement practices</li> <li>• Health, safety and environment compliance</li> <li>• Timely completion and delivery</li> <li>• Payment schedule</li> <li>• Pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous sourcing</li> <li>• Procurement and supply chain management</li> <li>• Attending Trade Fair</li> </ul>
Shareholders/ Investors	<ul style="list-style-type: none"> <li>• Company's website</li> <li>• Bursa announcement</li> <li>• Quarterly Financial reporting</li> <li>• Annual Report</li> <li>• Annual General Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Financial and operational performance</li> <li>• Sustainability business growth</li> <li>• Enhancing shareholders' value</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible reporting and compliance</li> <li>• Focus on financial performance, risk management, internal and external control</li> </ul>
Government/ Regulation	<ul style="list-style-type: none"> <li>• Dialogues, meetings and discussions</li> <li>• Attend briefing, workshops and trainings</li> <li>• Periodic visits and site inspections</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with all rules and regulations of local authorities, government bodies and regulators.</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible reporting</li> <li>• Complying all the requirement and following the best practices</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Engagement with technical school</li> <li>• Social engagement activities</li> </ul>	<ul style="list-style-type: none"> <li>• Supporting local communities in economic, environmental and social development</li> </ul>	<ul style="list-style-type: none"> <li>• Internship programme</li> <li>• Social service activities</li> </ul>

## **SUSTAINABILITY STATEMENT** (cont'd)

### **Material Sustainability Matters**

The Group has identified sustainability matters relating to economic, environmental and social factors that are deemed relevant to the Group's business. In identifying and prioritising the material sustainability matters for the Group, an analysis exercise was conducted by enhancing and understanding the views and responses from the Group's stakeholders.

The Group's material sustainability matters are identified as follows:

- Economic – Financial performance
- Environmental – Waste and energy management
- Social – Human capital development and social programme

### **Economic**

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. The Group also contribute to nation economy by developing new township and enhancing value of existing townships and cities.

#### **o Local Employment Opportunity**

The management actively engage with our employees and encouraged them to bring forth their full potential and enabling a satisfy career of them. We offer students internship to all local technical schools and provide industrial training to technical students from various colleges and universities. After the internship, we encourage students to continue to work with us if they do not wish to further their studies. We are always mindful to attract talents from local community.

Our existing employees are encouraged to improve their skills by attending external and internal trainings. Upon completion of annual performance review, the management has the option to reward those outstanding employees with monetary benefits based on their annual performance.

#### **o Customer Satisfaction**

We realise the importance of delivery of good products in order to meet our customers satisfaction. The management is committed to adopt best practices as to achieve and maintain excellence in all the projects and considering the preservation of the natural environment.

We have obtained ISO9001:2015 certification as a testimpny of our commitment to deliver high quality product.

Customers complain response department has been set up to address all matters relating to warranty and workmanship of our products. Meeting are conducted on weekly basis and if require ad-hoc meeting would be conducted to brainstorm for solution to problem encounter with various brainstorm technique employed including "Fish Bone Analysis" to address and rectify all the issues faced.

As part of our commitment to customer satisfaction, we conduct customer satisfaction survey to obtain feedback/complaints from our customers so that corrective action plans can be devised and implemented with the aim to improve the delivery of our products and services.

**SUSTAINABILITY STATEMENT** (cont'd)

## o Suppliers

The purchasing team always sources for quality materials at competitive price. There is a standard operating procedure quality benchmark for all suppliers under the purview of ISO9001:2015 quality certification which guides of the evaluation, selection and monitoring of our supply chain.

## o Tenants

Tenancy rates are decided upon based on market demand and supply situation for non-purpose build building whilst purpose build building are negotiated based on the contribution of the tenant to the surrounding property market value.

## o Risk Management

The Group has engaged the services of an internal audit services provider to assess the Group's risks. The internal auditors adopt a risk based approach in devising and executing an internal audit plan that covers the Group's key business areas and risks. Reports are tabled regularly to the management with regular follow-ups on implementation of any agreed recommendation.

**Environment**

The Group ensures strict compliance with the environment laws and regulations in order to sustain the Group's business and we have obtained ISO14001:2015 as our commitment to safeguard the environment ensuring waste are properly managed and wastage are minimised and resources are preserved whenever and wherever possible.

## o Waste and energy management

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 to minimize negative environment impact.

In order to prevent wastages, the Group has promoted environmental friendly awareness among its employees by educating its employees to adopt and to instil habits of environment friendly approach towards daily operations.

Several practices have been put in practice which includes 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 it is 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.

## **SUSTAINABILITY STATEMENT** (cont'd)

### **Social**

The Group is conscious that human capital is the main impetus towards achieving the Group's goals. We are also aware of the impact we have on society.

#### o Employees

##### *Safety working environment*

The Group 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. Personal Protection Equipment are provided to employee in discharging their duties.

##### *Trainings*

The Group believes that passionate and capable employees are the key assets and they are the 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.

##### *Welfare*

The Group creates a happy and harmonious workplace by providing opportunities for our employees to engage in sports and recreational activities to promote a healthy lifestyle for the employees.

We also organised events like Company's local trip, lunch and dinner together with our employees to foster a closer relationship and to show our appreciation for employees' dedication and commitment towards the business.

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

#### o Society

##### *Job opportunity*

The Group provides value-added job opportunities to the local community. We encourage the students from internships at our technical or non-technical divisions to continue to work with us after their graduation. The process is mutually beneficial as we understand the employment needs and learnt to engage effectively with the students who would become the future human resources of our country.

## **SUSTAINABILITY STATEMENT** (cont'd)

### *Contribution to community*

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 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.

### **Moving Forward**

The board recognises that embedding sustainability into the Group's business is a continuous and evolving practices in which the Board will strive to enhance in order to achieve the Group's long term sustainable growth.

## 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 2019 is as follows:

	<b>Audit Fees (RM)</b>	<b>Non-Audit Fees (RM)</b>
Company	86,250	7,000
Group	363,700	12,000

### 3. Material Contracts

There were no material contracts, entered into or loans made by the Company and its subsidiaries, involving directors and substantial shareholders either still subsisting at the end of the financial year 31 December 2019 or entered into since the end of the previous financial year.

### 4. Revaluation of Landed Properties

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

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### *Introduction*

Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad (“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 (“the Board”) 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 the internal control system 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 the 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 misstatements. 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 the Board maintains full and effective supervision over the control processes.
- The Group operates within an organizational structure with defined lines of responsibilities and accountabilities. A procedural and hierarchical reporting has been established which provides for a documented and auditable trail of accountability.
- The Group’s risk management process identifies the principal business risks. The Management is responsible for the identification and evaluation, on an on-going basis, of significant risks inherent in the business. Appropriate action plans are developed to mitigate the key risk areas.
- The Audit Committee provides assistance to the Board in fulfilling its overall responsibilities. The Audit Committee reviews the internal audit plan for the year and reviews the actions taken on all internal control issues identified in the internal audit reports prepared by the Internal Auditors.
- The Group outsourced its Internal Audit Function to an internal audit service 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 2019, the Internal Audit Function reviewed the internal control systems for rent distribution function of a subsidiary involved in hospitality sector, and the sales procedures for receivables and collection procedures for a hotel operation. Procedures carried out including:
  - Reviewed and assessed the adequacy of internal controls and operating effectiveness and efficiency of internal control system in hotel operation.
  - Reviewed and ensured compliance of the Group’s Standard of Operating Policies and procedures for rent distribution and review of the accuracy of statement of distribution.
  - Reviewed the accuracy and completeness of the sales and collection cycle for hotel operation and ensured it is accurately accounted for.
  - Reviewed and identified long outstanding balances and provision of doubtful debts for receivables.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (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 and Group Financial Controller that the Group's risk management and material control system is operating adequately and effectively in all material aspects, 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:

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

### Attendance of Meetings

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

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

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

### 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 auditors 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 Malaysia;
- Reviewed the related party transactions and conflict of interest situations that arose within the Company or Group during the financial 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 a 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 2019 were RM50,000.

**YNH PROPERTY BHD.**  
(Incorporated in Malaysia)

## **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 2019.

## **PRINCIPAL ACTIVITIES**

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 10 to the financial statements.

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

## **RESULTS**

	<b>Group RM</b>	<b>Company RM</b>
Profit/(Loss) for the financial year, net of tax	<u>41,085,191</u>	<u>(2,715,341)</u>
Attributable to:		
Owners of the Company	<u>41,085,191</u>	<u>(2,715,341)</u>

## **DIVIDENDS**

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

At the forthcoming Annual General Meeting, a single tier final dividend of 2.5 sen per ordinary share, amounting to RM13,212,177 in respect of the current financial year, based on the number of outstanding ordinary shares in issue (net of treasury shares) as at 31 December 2019, will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

## **RESERVES OR PROVISIONS**

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

## **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 (CONTINUED)**

### **CURRENT ASSETS**

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

### **VALUATION METHODS**

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

### **CONTINGENT AND OTHER LIABILITIES**

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

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial 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 (CONTINUED)**

### **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 no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 31 December 2019, the Company held 512,512 ordinary shares as 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. Further details are disclosed in Note 17 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 this 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 names of the directors 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 this report are:

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

(Resigned on 18.2.2019)  
(Appointed on 15.2.2019)

## DIRECTORS' REPORT (CONTINUED)

### DIRECTORS' INTERESTS

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

#### Interests in the Company

	Note	Number of ordinary shares			At 31.12.2019
		At 1.1.2019	Bought	Sold	
<b>Direct interests</b>					
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS		132,212,450	93,268,520	(96,498,200)	128,982,770
Dato' Yu Kuan Huat DPMP, PMP, AMP, PPT		23,656,810	-	-	23,656,810
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP		554,123	59,000	-	613,123
Ching Nye Mi @ Chieng Ngie Chay		7,231,628	-	-	7,231,628
Ding Ming Hea		1,286,677	480,000	(135,000)	1,631,677
<b>Indirect interests</b>					
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	*	36,106,207	19,533,900	(12,459,600)	43,180,507
Dato' Yu Kuan Huat DPMP, PMP, AMP, PPT	*	134,632,618	93,268,520	(96,498,200)	131,402,938
Ching Nye Mi @ Chieng Ngie Chay	**	28	-	-	28

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

\*\* Shares held through spouse.

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.

### 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 28 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 34 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.

**DIRECTORS' REPORT (CONTINUED)**

**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 10 to the financial statements.

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

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

Details of significant event subsequent to the end of the financial year are disclosed in Note 36 to the financial statements.

**AUDITORS' REMUNERATION**

The details of the auditors' remuneration are disclosed in Note 27 to the financial statements.

**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.



**DIRECTORS' REPORT (CONTINUED)**

**AUDITORS**

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

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

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

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

Date: 29 June 2020

**YNH PROPERTY BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	106,786,044	162,069,685	-	-
Right-of-use assets	6	93,023,088	-	-	-
Investment properties	7	305,462,395	302,468,234	-	-
Inventories	8	348,394,115	358,328,811	-	-
Goodwill on consolidation	9	17,626,036	17,626,036	-	-
Investment in subsidiaries	10	-	-	822,009,738	569,017,930
Deferred tax assets	11	87,875,947	88,351,319	-	-
Other non-current assets	12	737,224,140	511,197,470	-	-
<b>Total non-current assets</b>		<b>1,696,391,765</b>	<b>1,440,041,555</b>	<b>822,009,738</b>	<b>569,017,930</b>
<b>Current assets</b>					
Inventories	8	475,644,617	542,468,804	-	-
Current tax assets		1,831,190	4,606,440	-	533,066
Other current assets	12	11,824,216	15,176,035	37,077	2,077
Trade and other receivables	13	130,989,499	152,296,368	3,841,880	3,843,205
Contract assets	14	720,833	47,741,945	-	-
Cash and short-term deposits	15	15,510,919	13,377,638	92,721	92,127
<b>Total current assets</b>		<b>636,521,274</b>	<b>775,667,230</b>	<b>3,971,678</b>	<b>4,470,475</b>
<b>TOTAL ASSETS</b>		<b>2,332,913,039</b>	<b>2,215,708,785</b>	<b>825,981,416</b>	<b>573,488,405</b>

YNH PROPERTY BHD.  
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONTINUED)

	Note	Group 2019 RM	2018 RM	Company 2019 RM	2018 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	16	528,999,579	528,999,579	528,999,579	528,999,579
Treasury shares	17	(970,157)	(970,157)	(970,157)	(970,157)
Other reserves	18	31,914,872	32,315,809	-	-
Retained earnings		352,287,763	349,269,181	29,191,329	31,906,670
		<u>912,232,057</u>	<u>909,614,412</u>	<u>557,220,751</u>	<u>559,936,092</u>
Perpetual securities	19	260,420,981	-	260,420,981	-
<b>TOTAL EQUITY</b>		<b><u>1,172,653,038</u></b>	<b><u>909,614,412</u></b>	<b><u>817,641,732</u></b>	<b><u>559,936,092</u></b>
<b>Non-current liabilities</b>					
Loans and borrowings	20	267,080,899	154,673,960	-	-
Lease liabilities	21	61,992,275	-	-	-
Provisions	22	-	775,126	-	-
Deferred tax liabilities	11	35,758,254	38,831,569	-	-
<b>Total non-current liabilities</b>		<b><u>364,831,428</u></b>	<b><u>194,280,655</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Current liabilities</b>					
Loans and borrowings	20	372,608,440	615,985,656	-	-
Lease liabilities	21	30,046,850	-	-	-
Provisions	22	429,459	6,349,961	-	-
Current tax liabilities		23,647,919	13,025,393	79,035	-
Trade and other payables	23	256,985,153	283,890,239	8,260,649	13,552,313
Contract liabilities	14	111,710,752	192,562,469	-	-
<b>Total current liabilities</b>		<b><u>795,428,573</u></b>	<b><u>1,111,813,718</u></b>	<b><u>8,339,684</u></b>	<b><u>13,552,313</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>1,160,260,001</u></b>	<b><u>1,306,094,373</u></b>	<b><u>8,339,684</u></b>	<b><u>13,552,313</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>2,332,913,039</u></b>	<b><u>2,215,708,785</u></b>	<b><u>825,981,416</u></b>	<b><u>573,488,405</u></b>

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

YNH PROPERTY BHD.  
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Revenue	24	366,008,628	359,460,256	-	-
Cost of sales	25	(202,897,488)	(224,853,017)	-	-
<b>Gross profit</b>		<b>163,111,140</b>	<b>134,607,239</b>	-	-
Other income		32,117,664	18,425,517	387,529	-
Administrative expenses		(68,178,850)	(71,900,096)	(841,561)	(631,185)
Selling and marketing expenses		(8,649,968)	(4,057,762)	-	-
Net impairment losses of receivables		(11,267,843)	(899,730)	-	-
Other expenses		(1,822,938)	(3,744,612)	(2,261,309)	-
<b>Operating profit/(loss)</b>		<b>105,309,205</b>	<b>72,430,556</b>	<b>(2,715,341)</b>	<b>(631,185)</b>
Finance costs	26	(45,378,705)	(46,069,203)	-	-
<b>Profit/(Loss) before tax</b>	27	<b>59,930,500</b>	<b>26,361,353</b>	<b>(2,715,341)</b>	<b>(631,185)</b>
Income tax expense	29	(18,845,309)	(10,752,300)	-	-
<b>Profit/(Loss) for the financial year</b>		<b>41,085,191</b>	<b>15,609,053</b>	<b>(2,715,341)</b>	<b>(631,185)</b>
<b>Other comprehensive income, net of tax</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		(400,937)	738,483	-	-
<b>Total comprehensive income/(loss) for the financial year</b>		<b>40,684,254</b>	<b>16,347,536</b>	<b>(2,715,341)</b>	<b>(631,185)</b>
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		<b>41,085,191</b>	<b>15,609,053</b>	<b>(2,715,341)</b>	<b>(631,185)</b>
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		<b>40,684,254</b>	<b>16,347,536</b>	<b>(2,715,341)</b>	<b>(631,185)</b>
<b>Earnings per share (sen)</b>	30				
- Basic		7.77	2.97		
- Diluted		7.77	2.97		

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

**YNH PROPERTY BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

Note	←-----Attributable to owners of the Company-----→						Total equity RM
	Share capital RM	Capital reserve RM	Translation reserve RM	Treasury shares RM	Retained earnings RM		
<b>Group</b>							
<b>At 1 January 2018</b>	528,999,579	26,578,054	4,999,272	(6,931,198)	343,298,530	896,944,237	
<b>Total comprehensive income for the financial year</b>							
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	
<b>Transactions with owners</b>							
Dividends paid on shares	31	-	-	-	(3,677,361)	(3,677,361)	
Share dividends	31	-	-	5,961,041	(5,961,041)	-	
Total transactions with owners		-	-	5,961,041	(9,638,402)	(3,677,361)	
<b>At 31 December 2018</b>	528,999,579	26,578,054	5,737,755	(970,157)	349,269,181	909,614,412	

**YNH PROPERTY BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

Note	←-----Attributable to owners of the Company----->						Perpetual securities RM	Total equity RM
	Share capital RM	Capital reserve RM	Translation reserve RM	Treasury shares RM	Retained earnings RM	Sub-total RM		
<b>Group (Continued)</b>								
<b>1 January 2019</b>								
- As previously reported	528,999,579	26,578,054	5,737,755	(970,157)	349,269,181	909,614,412	-	909,614,412
- Effect of adoption of MFRS 16	2.2	-	-	-	(38,066,609)	(38,066,609)	-	(38,066,609)
Restated balance at 1 January 2019	528,999,579	26,578,054	5,737,755	(970,157)	311,202,572	871,547,803	-	871,547,803
<b>Total comprehensive income for the financial year</b>								
Profit for the financial year	-	-	-	-	41,085,191	41,085,191	-	41,085,191
Other comprehensive loss for the financial year	-	-	(400,937)	-	-	(400,937)	-	(400,937)
Total comprehensive income	-	-	(400,937)	-	41,085,191	40,684,254	-	40,684,254
<b>Transactions with owners</b>								
Issuance of perpetual securities	-	-	-	-	-	-	260,420,981	260,420,981
Total transactions with owners	-	-	-	-	-	-	260,420,981	260,420,981
<b>At 31 December 2019</b>	<b>528,999,579</b>	<b>26,578,054</b>	<b>5,336,818</b>	<b>(970,157)</b>	<b>352,287,763</b>	<b>912,232,057</b>	<b>260,420,981</b>	<b>1,172,653,038</b>

**YNH PROPERTY BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019  
(CONTINUED)**

Note	<-----Attributable to owners of the Company----->				Perpetual securities RM	Total equity RM
	Share capital RM	Treasury shares RM	Retained earnings RM	Sub-total RM		
<b>Company</b>						
<b>At 1 January 2018</b>	528,999,579	(6,931,198)	42,176,257	564,244,638	-	564,244,638
<b>Total comprehensive loss for the financial year</b>						
Loss for the financial year	-	-	(631,185)	(631,185)	-	(631,185)
Total comprehensive loss	-	-	(631,185)	(631,185)	-	(631,185)
<b>Transactions with owners</b>						
Dividends paid on shares	31	-	(3,677,361)	(3,677,361)	-	(3,677,361)
Share dividends	31	5,961,041	(5,961,041)	-	-	-
Total transactions with owners		5,961,041	(9,638,402)	(3,677,361)	-	(3,677,361)
<b>At 31 December 2018</b>	528,999,579	(970,157)	31,906,670	559,936,092	-	559,936,092
<b>Total comprehensive loss for the financial year</b>						
Loss for the financial year	-	-	(2,715,341)	(2,715,341)	-	(2,715,341)
Total comprehensive loss	-	-	(2,715,341)	(2,715,341)	-	(2,715,341)
<b>Transaction with owners</b>						
Issuance of perpetual securities		-	-	-	260,420,981	260,420,981
Total transaction with owners		-	-	-	260,420,981	260,420,981
<b>At 31 December 2019</b>	528,999,579	(970,157)	29,191,329	557,220,751	260,420,981	817,641,732

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

**YNH PROPERTY BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	Group 2019 RM	2018 RM	Company 2019 RM	2018 RM
<b>Cash flows from operating activities</b>					
Profit/(Loss) before tax		59,930,500	26,361,353	(2,715,341)	(631,185)
Adjustments for:					
Bad debt written off		233,167	340,683	-	-
Depreciation of investment properties		4,858,567	7,162,665	-	-
Depreciation of property, plant and equipment		2,578,119	10,248,521	-	-
Depreciation of right-of-use assets		16,480,654	-	-	-
Impairment losses on property, plant and equipment		455,338	-	-	-
Impairment losses on right-of-use assets		640,443	-	-	-
Impairment losses on:					
- trade receivables		6,455,863	2,658,030	-	-
- other receivables		6,150,098	1,343,532	-	-
- investment in subsidiaries		-	-	2,261,309	-
Inventories written off		207,404	-	-	-
Reversal of impairment losses on:					
- trade receivables		(1,286,502)	(3,030,000)	-	-
- other receivables		(51,617)	(71,832)	-	-
Finance costs		45,378,705	46,069,203	-	-
Finance income		(1,189,696)	(276,537)	(387,529)	-
Gain on disposal of property, plant and equipment		(1,988,850)	-	-	-
Loss on disposal of right-of-use assets		134,100	-	-	-
Property, plant and equipment written off		162,486	87,512	-	-
Provision for rectification works		674,122	584,186	-	-
Unrealised foreign exchange loss		-	970,060	-	-
<b>Operating profit/(loss) before changes in working capital, carried forward</b>		<b>139,822,901</b>	<b>92,447,376</b>	<b>(841,561)</b>	<b>(631,185)</b>



**YNH PROPERTY BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019  
(CONTINUED)**

	Group		Company	
	2019	2018	2019	2018
Note	RM	RM	RM	RM
<b>Cash flows from operating activities (Continued)</b>				
<b>Operating profit/(loss) before changes in working capital, brought forward</b>	139,822,901	92,447,376	(841,561)	(631,185)
<b>Changes in working capital:</b>				
Inventories	80,077,778	(10,383,342)	-	-
Trade and other receivables	13,157,679	(37,626,885)	(35,000)	-
Contract assets	47,021,112	(45,387,164)	-	-
Trade and other payables	(27,306,023)	122,858,222	61,282	(18,547)
Provisions	(910,101)	(9,025,719)	-	-
Contract liabilities	(80,851,717)	28,446,337	-	-
Net cash generated from/ (used in) operations	171,011,629	141,328,825	(815,279)	(649,732)
Income tax refunded	3,832,652	-	612,101	-
Income tax paid	(5,237,002)	(24,562,931)	-	-
Interest received	1,189,696	276,537	387,529	-
Interest paid	(45,378,705)	(46,069,203)	-	-
Net cash from/(used in) operating activities	125,418,270	70,973,228	184,351	(649,732)
<b>Cash flows from investing activities</b>				
Properties held for development - net of disposals/revocation	(10,738,145)	26,980,429	-	-
Purchase of property, plant and equipment	(898,261)	(3,649,458)	-	-
Purchase of right-of-use assets	(905,958)	-	-	-
Proceeds from disposal of property, plant and equipment	2,250,250	-	-	-
Additions in investment properties	(30,896)	(1,669,080)	-	-
Proceeds from disposal of right-of-use assets	120,000	-	-	-
Payments of joint venture and turnkey contracts deposits	(226,026,670)	(47,991,800)	-	-
Placement of fixed deposits pledged	(305,377)	(112,953)	-	-
Placement of Escrow accounts	(2,040)	-	(2,040)	-
Capital contribution to subsidiaries	-	-	(255,251,792)	-
Net cash used in investing activities	(236,537,097)	(26,442,862)	(255,253,832)	-

**YNH PROPERTY BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019  
(CONTINUED)**

	<b>Note</b>	<b>Group 2019 RM</b>	<b>2018 RM</b>	<b>Company 2019 RM</b>	<b>2018 RM</b>
<b>Cash flows from financing activities</b>	<b>(a)</b>				
(Repayment to)/Advances from subsidiaries		-	-	(5,352,946)	4,302,946
Drawdown of term loans		63,144,951	49,723,084	-	-
Payment of lease/finance lease liabilities		(27,200,241)	(4,101,112)	-	-
Refinance with finance lease arrangements		-	9,500,000	-	-
Repayment of short-term revolving credits		(94,197,103)	(79,595,089)	-	-
Repayment of term loans		(40,797,622)	(43,441,737)	-	-
Net proceeds from issuance of perpetual securities		260,420,981	-	260,420,981	-
Dividends paid		-	(3,677,361)	-	(3,677,361)
Net cash from/(used in) financing activities		161,370,966	(71,592,215)	255,068,035	625,585
Net increase/(decrease) in cash and cash equivalents		50,252,139	(27,061,849)	(1,446)	(24,147)
<b>Cash and cash equivalents at the beginning of the financial year</b>		(93,527,599)	(66,493,251)	92,127	116,274
Effects of exchange rate changes on cash and cash equivalents		(131)	27,501	-	-
<b>Cash and cash equivalents at the end of the financial year</b>	<b>15</b>	(43,275,591)	(93,527,599)	90,681	92,127

**YNH PROPERTY BHD.**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019  
(CONTINUED)**

(a) Reconciliation of liabilities arising from financing activities

	1 January 2019 RM (Restated)	Cash flows RM	Non-cash addition RM	31 December 2019 RM
<b>Group</b>				
Lease liabilities	107,280,744	(27,200,241)	11,958,622	92,039,125
Revolving credits	385,961,124	(94,197,103)	-	291,764,021
Term loans	267,794,402	22,347,329	-	290,141,731
	<u>761,036,270</u>	<u>(99,050,015)</u>	<u>11,958,622</u>	<u>673,944,877</u>
	1 January 2018 RM	Cash flows RM	Non-cash addition RM	31 December 2018 RM
<b>Group</b>				
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
	<u>732,364,739</u>	<u>(67,914,854)</u>	<u>-</u>	<u>664,449,885</u>

**Company**

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

(b) During the financial year, the total cash outflows of the Group for leases is RM41,067,605.

**YNH PROPERTY BHD.**  
(Incorporated in Malaysia)

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. CORPORATE INFORMATION**

YNH Property Bhd. (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan. The principal place of business of the Company is located at No. 188, Jalan PPMP 3/3, Pusat Perniagaan Manjung Point 3, 32040 Seri Manjung, Perak Darul Ridzuan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 10.

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 29 June 2020.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of Compliance**

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

#### **2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”)**

The Group and the Company have adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

##### New MFRS

MFRS 16      Leases

##### Amendments/Improvements to MFRSs

MFRS 3      Business Combinations  
MFRS 9      Financial Instruments  
MFRS 11      Joint Arrangements  
MFRS 112      Income Taxes  
MFRS 119      Employee Benefits  
MFRS 123      Borrowing Costs  
MFRS 128      Investments in Associates and Joint Ventures

##### New IC Int

IC Int 23      Uncertainty over Income Tax Treatments

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) (Continued)

The adoption of the above new MFRS, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group’s and the Company’s existing accounting policies, except for those as discussed below.

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

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 *Leases* and IC Int 4 *Determining whether an Arrangement contains a Lease*.

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user’s benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group and the Company have applied MFRS 16 using the modified retrospective approach with any cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 January 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

#### ***Definition of a lease***

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group and the Company have elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 January 2019. Existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

#### ***Impact of the adoption of MFRS 16***

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group and the Company have complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) (Continued)

#### *MFRS 16 Leases (Continued)*

#### *Impact of the adoption of MFRS 16 (Continued)*

##### (i) Classification and measurement

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group.

On adoption of MFRS 16, for all its leases other than short-term and low value asset leases, the Group:

- recognised the right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial year; and
- separated the total amount of cash paid for leases into principal portion (presented within financing activities) and interest portion (presented within operating activities) in the statements of cash flows for the current financial year.

#### *For leases that were classified as operating lease under MFRS 117*

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate at the date of initial application.

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by any amount of prepaid or accrued lease payments.

The Group also applied the following practical expedients wherein it:

- (a) applied a single discount rate to a portfolio of leases with similar characteristics;
- (b) applied the exemption not to recognise right-to-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
- (c) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- (d) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

#### *For leases that were classified as finance lease under MFRS 117*

The Group recognised the carrying amount of the lease assets and finance lease liabilities under MFRS 117 immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) (Continued)

*MFRS 16 Leases (Continued)*

*Impact of the adoption of MFRS 16 (Continued)*

(ii) Short-term lease and low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets based on the value of the underlying asset when new, such as photocopy machines. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) Sales-and-leaseback

Under MFRS 16, the Group continues to account for the sale-and-leaseback transaction for service apartments and office suites as a sale and operating lease transaction. The Group accounted for the leaseback in the same way as they had accounted for other operating leases that existed at the date of initial application.

The effects of adoption of MFRS 16 as at 1 January 2019 (increase/(decrease)) are as follows:

	<b>Group Increase/ (Decrease) RM</b>
<b>Assets</b>	
<b>Non-current assets</b>	
Property, plant and equipment	(52,114,704)
Right-of-use assets	97,533,705
Deferred tax assets	6,641,126
<b>Total non-current assets</b>	<b>52,060,127</b>
<b>Equity</b>	
Retained earnings	<b>(38,066,609)</b>
<b>Non-current liabilities</b>	
Loans and borrowings	(8,345,279)
Lease liabilities	81,778,839
Provisions	(775,126)
<b>Total non-current liabilities</b>	<b>72,658,434</b>
<b>Current liabilities</b>	
Loans and borrowings	(2,349,080)
Lease liabilities	25,501,905
Provisions	(5,684,523)
<b>Total current liabilities</b>	<b>17,468,302</b>
<b>Total equity and liabilities</b>	<b>52,060,127</b>

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) (Continued)

#### MFRS 16 Leases (Continued)

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position of the Group on 1 January 2019 is 5.5%.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments disclosed applying MFRS 117 as of 31 December 2018, as follows:

	<b>Group RM</b>
<b>Assets</b>	
Operating lease commitments as at 31 December 2018	10,160,797
Weighted average incremental borrowing rate as at 1 January 2019	5.50%
Discounted operating lease commitments as at 1 January 2019	<u>7,775,545</u>
<b>Add:</b>	
Commitments relating to lease previously classified as finance leases	10,694,359
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	<u>88,810,840</u>
<b>Lease liabilities as at 1 January 2019</b>	<b><u>107,280,744</u></b>

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

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

	<b>Effective for financial periods beginning on or after</b>
<u>New MFRS</u>	
MFRS 17 Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 <sup>^</sup> 1 January 2023 <sup>#</sup>
MFRS 3 Business Combinations	1 January 2020/ 1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 <sup>#</sup>
MFRS 7 Financial Instruments: Disclosures	1 January 2020/ 1 January 2023 <sup>#</sup>
MFRS 9 Financial Instruments	1 January 2020/ 1 January 2022 <sup>^</sup> 1 January 2023 <sup>#</sup>
MFRS 10 Consolidated Financial Statements	Deferred



## 2. BASIS OF PREPARATION (CONTINUED)

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

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

		<b>Effective for financial periods beginning on or after</b>
<u>Amendments/Improvements to MFRSs (Continued)</u>		
MFRS 15	Revenue from Contracts with Customers	1 January 2023 <sup>#</sup>
MFRS 16	Leases	1 June 2020 <sup>*</sup> 1 January 2022 <sup>^</sup>
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 107	Statement of Cash Flows	1 January 2023 <sup>#</sup>
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 119	Employee Benefits	1 January 2023 <sup>#</sup>
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 <sup>#</sup>
MFRS 132	Financial Instruments: Presentation	1 January 2023 <sup>#</sup>
MFRS 136	Impairment of Assets	1 January 2023 <sup>#</sup>
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 138	Intangible Assets	1 January 2023 <sup>#</sup>
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2023 <sup>#</sup>
MFRS 141	Agriculture	1 January 2022 <sup>^</sup>

<sup>^</sup> *The Annual Improvements to MFRS Standards 2018-2020*

<sup>\*</sup> *Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020*

<sup>#</sup> *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 MFRS, and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS, and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

## 2. BASIS OF PREPARATION (CONTINUED)

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

#### ***Annual Improvements to MFRS Standards 2018–2020***

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

#### ***Amendments to MFRS 3 Business Combinations***

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments also update by replacing a reference to an old version of the *Conceptual Framework for Financial Reporting* with a reference to the latest version which was issued by MASB in April 2018.

#### ***Amendment to MFRS 16 Leases***

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

#### ***Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error***

The amendments refine the definition by including 'obscuring information' in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

## 2. BASIS OF PREPARATION (CONTINUED)

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

#### ***Amendments to MFRS 101 Presentation of Financial Statements***

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

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

#### ***Amendments to MFRS 116 Property, Plant and Equipment***

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

#### ***Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets***

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

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

### 2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, 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.

## 2. BASIS OF PREPARATION (CONTINUED)

### 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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Basis of consolidation (Continued)

##### (a) Subsidiaries and business combination (Continued)

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

- 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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Basis of consolidation (Continued)

##### (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).

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.3 Foreign currency transactions and operations (Continued)

##### (b) Translation of foreign operations

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

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

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

#### 3.4 Financial instruments

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

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

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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.4 Financial instruments (Continued)

##### (a) Subsequent measurement

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

##### (i) Financial assets

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

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

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

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

##### 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.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.4 Financial instruments (Continued)

##### (a) Subsequent measurement (Continued)

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

##### (i) Financial assets (Continued)

###### Debt instruments (Continued)

- **Fair value through profit or loss (FVPL)**

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

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

###### Equity instruments

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

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

##### (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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.4 Financial instruments (Continued)

##### (a) Subsequent measurement (Continued)

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

##### (ii) Financial liabilities (Continued)

###### 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.

##### (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).

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.4 Financial instruments (Continued)

##### (c) Regular way purchase or sale of financial assets (Continued)

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.

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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.4 Financial instruments (Continued)

##### (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.

#### 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).

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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.5 Property, plant and equipment (Continued)

##### (c) Depreciation (Continued)

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

Buildings	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.

#### 3.6 Leases

##### (a) Definition of lease

###### **Accounting policies applied from 1 January 2019**

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

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

###### **Accounting policies applied until 31 December 2018**

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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.6 Leases (Continued)

##### (b) Lessee accounting

###### Accounting policies applied from 1 January 2019

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

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

###### Right-of-use asset

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

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term at the following annual rates:

Long-term leasehold land	1% - 3%
Service apartments and office suites	1.5 to 7 years
Plant and machineries	20%

If the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

###### Lease liability

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

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.6 Leases (Continued)

##### (b) Lessee accounting (Continued)

##### **Accounting policies applied from 1 January 2019 (Continued)**

##### Lease liability (Continued)

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

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

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

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

##### Short-term leases and leases of low value assets

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

##### **Accounting policies applied until 31 December 2018**

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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.6 Leases (Continued)

##### (b) Lessee accounting (Continued)

###### **Accounting policies applied until 31 December 2018 (Continued)**

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.

##### (c) Lessor accounting

###### **Accounting policies applied from 1 January 2019**

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

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

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

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

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

###### **Accounting policies applied until 31 December 2018**

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.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.6 Leases (Continued)

##### (c) Lessor accounting (Continued)

###### Accounting policies applied until 31 December 2018 (Continued)

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.

#### 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

##### 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.11 Cash and cash equivalents

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

#### 3.12 Impairment of assets

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

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), lease receivables, contract assets 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 30 days past due.

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

- the counter party 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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.12 Impairment of assets (Continued)

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

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

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

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

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

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

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

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

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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.12 Impairment of assets (Continued)

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

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.

#### 3.13 Equity instrument

##### (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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.13 Equity instrument (Continued)

##### (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.

##### (c) Perpetual securities

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

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

#### 3.14 Employee benefits

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

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial 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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.15 Provisions (Continued)

##### (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.

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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.16 Revenue and other income (Continued)

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. In the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

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

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

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

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



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.16 Revenue and other income (Continued)

##### (a) Property development (Continued)

Based on the Group's customary business practice, the customers' legal fees are borne 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.

##### (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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.16 Revenue and other income (Continued)

(e) **Sale of electricity**

The Group sells electricity to tenants of the shopping mall. Revenue from prepaid sale of electricity is recognised when electricity is supplied. Consideration from the prepaid sale to tenants where services have not been rendered at the reporting date is deferred as contract liability until actual consumption.

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

(f) **Interest income**

Interest income is recognised using the effective interest method.

(g) **Dividend income**

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

(h) **Rental income**

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

#### 3.17 Borrowing costs

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

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

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

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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.18 Income tax (Continued)

##### (b) Deferred tax (Continued)

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.

#### 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.22 Contingencies

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

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

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

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

#### 3.23 Contract costs

##### (a) Recognition and measurement

Contract costs include costs of obtaining 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*.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.23 Contract costs (Continued)

##### (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.

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

#### (a) Right-of-use assets and lease liabilities

The Group has recognised right-of-use assets and lease liabilities for service apartments and office suites which were leased back from the purchasers, including impairment of right-of-use assets. Significant judgements and estimates are used to determine the lease term, incremental borrowing rate, cash flow projections and the discount rate applied in the recoverable amount calculation.

The carrying amounts of the Group's right-of-use assets and lease liabilities are disclosed in Notes 6 and 21.

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

**(b) 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 9.

**(c) 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 24 and 25.

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	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	Total RM
<b>Group</b>									
<b>2019</b>									
<b>Cost</b>									
At 1 January 2019									
- As previously reported	85,970,229	50,588,391	11,605,296	58,597,904	6,855,890	70,004	18,076,603	3,231,250	234,995,567
- Effect of adoption of MFRS 16	-	(50,588,391)	-	(27,694,143)	-	-	-	-	(78,282,534)
Adjusted balance at 1 January 2019	85,970,229	-	11,605,296	30,903,761	6,855,890	70,004	18,076,603	3,231,250	156,713,033
Additions	-	-	-	436,528	123,590	-	338,143	-	898,261
Disposals	-	-	-	(2,614,000)	-	-	-	-	(2,614,000)
Written off	-	-	-	(1,581,914)	(180,265)	-	(318,052)	-	(2,080,231)
Exchange differences	-	-	-	961	-	-	-	-	961
At 31 December 2019	85,970,229	-	11,605,296	27,145,336	6,799,215	70,004	18,096,694	3,231,250	152,918,024



5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	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	Total RM
<b>Accumulated depreciation and impairment loss</b>									
At 1 January 2019									
- As previously reported	-	2,516,545	2,922,835	48,961,451	6,261,344	70,002	11,157,987	1,035,718	72,925,882
- Effect of adoption of MFRS 16	-	(2,516,545)	-	(23,651,285)	-	-	-	-	(26,167,830)
Adjusted balance at 1 January 2019	-	-	2,922,835	25,310,166	6,261,344	70,002	11,157,987	1,035,718	46,758,052
Depreciation charge for the financial year	-	-	258,474	613,339	211,512	-	1,962,008	142,772	3,188,105
Disposals	-	-	-	(2,352,600)	-	-	-	-	(2,352,600)
Written off	-	-	-	(1,423,103)	(179,041)	-	(315,601)	-	(1,917,745)
Impairment for the financial year	-	-	-	-	-	-	455,338	-	455,338
Exchange differences	-	-	-	830	-	-	-	-	830
At 31 December 2019	-	-	3,181,309	22,148,632	6,293,815	70,002	13,259,732	1,178,490	46,131,980
<b>Carrying amount</b>									
At 1 January 2019 (Adjusted)	85,970,229	-	8,682,461	5,593,595	594,546	2	6,918,616	2,195,532	109,954,981
At 31 December 2019	85,970,229	-	8,423,987	4,996,704	505,400	2	4,836,962	2,052,760	106,786,044

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	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	Total RM
<b>Group (Continued)</b>									
<b>2018</b>									
<b>Cost</b>									
At 1 January 2018	86,026,074	49,746,169	11,605,296	58,313,554	6,846,542	70,004	17,903,147	910,296	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	58,597,904	6,855,890	70,004	18,076,603	3,231,250	234,995,567
<b>Accumulated depreciation</b>									
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
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
<b>Carrying amount</b>									
At 1 January 2018	86,026,074	47,824,142	9,041,492	16,597,935	1,014,928	2	9,226,461	12,875	169,743,909
At 31 December 2018	85,970,229	48,071,846	8,682,461	9,636,453	594,546	2	6,918,616	2,195,532	162,069,685

**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**(a) Assets pledged as security**

Freehold land with a carrying amount of RM84,648,700 (2018: RM84,648,700) has been pledged as security to secure banking facilities of the Group as disclosed in Note 20.

Leasehold land with a carrying amount of RM Nil (2018: RM44,907,871) has been pledged as security to secure banking facilities of the Group as disclosed in Note 20.

**(b) Plant and machineries**

Plant and machineries are analysed as follows:

	<b>Machinery and equipment (own use) RM</b>	<b>Group Machinery and equipment (subject to operating lease) RM</b>	<b>Total RM</b>
<b>Cost</b>			
At 1 January 2018	46,934,954	11,378,600	58,313,554
Additions	78,378	-	78,378
Written off	(70,510)	-	(70,510)
Exchange differences	276,482	-	276,482
At 31 December 2018	<u>47,219,304</u>	<u>11,378,600</u>	<u>58,597,904</u>
Effect of adoption of MFRS 16	(27,694,143)	-	(27,694,143)
Adjusted balance at 1 January 2019	19,525,161	11,378,600	30,903,761
Additions	36,528	400,000	436,528
Disposals	(2,614,000)	-	(2,614,000)
Written off	(1,581,914)	-	(1,581,914)
Exchange differences	961	-	961
At 31 December 2019	<u>15,366,736</u>	<u>11,778,600</u>	<u>27,145,336</u>

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Plant and machineries (Continued)

Plant and machineries are analysed as follows (Continued):

	Machinery and equipment (own use) RM	Group Machinery and equipment (subject to operating lease) RM	Total RM
<b>Accumulated depreciation</b>			
At 1 January 2018	34,955,559	6,760,060	41,715,619
Depreciation charge for the financial year	5,059,803	2,000,507	7,060,310
Written off	(63,459)	-	(63,459)
Exchange differences	248,981	-	248,981
At 31 December 2018	40,200,884	8,760,567	48,961,451
Effect of adoption of MFRS 16	(23,651,285)	-	(23,651,285)
Adjusted balance at 1 January 2019	16,549,599	8,760,567	25,310,166
Depreciation charge for the financial year	-	613,339	613,339
Disposals	(2,352,600)	-	(2,352,600)
Written off	(1,423,103)	-	(1,423,103)
Exchange differences	830	-	830
At 31 December 2019	12,774,726	9,373,906	22,148,632
<b>Carrying amount</b>			
At 1 January 2019 (Adjusted)	2,975,562	2,618,033	5,593,595
At 31 December 2019	2,592,010	2,404,694	4,996,704

The Group leases some of its machinery and equipment to third parties. Each lease contains an initial non-cancellable period of 1 year with option to renew for subsequent 1 year. Subsequent renewal terms will be negotiated with the lessee.

(c) Impairment loss

During the financial year, an impairment loss of RM455,338 (2018: RM Nil) was recognised in profit or loss under other expenses, representing the impairment of certain equipment, furniture, fittings and renovations in the hotel and hospitality segment to its recoverable amount, in view of the recent operating losses of certain subsidiaries. The recoverable amount is determined based on value-in-use calculations using the cash flow projections from hotel operation. The cash flow projections were discounted at a rate of 8% on a pre-tax basis.

## 6. RIGHT-OF-USE ASSETS

The Group leases several assets including leasehold land, service apartments and office suites, and plant and machineries.

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

	Leasehold land RM	Group Service apartments and office suites RM	Plant and machineries RM	Total RM
<b>Cost</b>				
At 1 January 2019				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 16	50,588,391	96,586,384	27,694,143	174,868,918
Adjusted balance at 1 January 2019	50,588,391	96,586,384	27,694,143	174,868,918
Additions	552,000	1,134,926	11,177,654	12,864,580
Disposals	-	-	(660,000)	(660,000)
At 31 December 2019	51,140,391	97,721,310	38,211,797	187,073,498
<b>Accumulated depreciation and impairment loss</b>				
At 1 January 2019				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 16				
- Accumulated depreciation	2,516,545	-	23,651,285	26,167,830
- Accumulated impairment	-	51,167,383	-	51,167,383
Adjusted balance at 1 January 2019	2,516,545	51,167,383	23,651,285	77,335,213
Depreciation charge for the financial year	600,651	12,199,966	3,680,037	16,480,654
Impairment for the financial year	-	640,443	-	640,443
Disposals	-	-	(405,900)	(405,900)
At 31 December 2019	3,117,196	64,007,792	26,925,422	94,050,410
Carrying amount at 31 December 2019	48,023,195	33,713,518	11,286,375	93,023,088

### (a) Leasehold land

Leasehold land with a carrying amount of RM44,944,978 (2018: RM Nil) has been pledged as security to secure banking facilities of the Group as disclosed in Note 20.

## 6. RIGHT-OF-USE ASSETS (CONTINUED)

### (b) Service apartments and office suites

The service apartments and office suites are leased from the purchasers at 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.

The Group also entered into lease arrangements with the purchasers at 3.8% per annum 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 which have been extended for another 3 years.

An impairment loss of RM51,167,383 was recognised as at 1 January 2019 and RM640,443 was recognised during the financial year. The recoverable amount of the service apartments and office suites is determined based on value-in-use calculations using the cash flow projections from sub-leases and operations of the service apartments and office suites. As at 1 January 2019 and 31 December 2019, the cash flow projections were discounted at a rate 9% and 8% respectively on a pre-tax basis.

### (c) Plant and machineries

The Group also leases plant and machineries under finance lease or hire purchase arrangement with lease term of 2 to 5 years, and have options to purchase the assets at the end of the contract term.

## 7. INVESTMENT PROPERTIES

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Cost</b>		
At 1 January	321,415,030	319,745,950
Additions	30,896	1,669,080
Transfer from inventories	7,821,832	-
At 31 December	329,267,758	321,415,030
<b>Accumulated depreciation</b>		
At 1 January	18,946,796	11,784,131
Depreciation charge for the financial year	4,858,567	7,162,665
At 31 December	23,805,363	18,946,796
<b>Carrying amount</b>		
At 31 December	305,462,395	302,468,234
<b>Estimated fair value</b>		
At 31 December	924,189,282	864,553,222

## 7. INVESTMENT PROPERTIES (CONTINUED)

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

Freehold and leasehold investment properties with a carrying amount of RM279,048,670 (2018: RM268,033,552) has been pledged as security to secure banking facilities and perpetual securities of the Group as disclosed in Note 19 and 20.

### Fair value information

Fair value of investment properties is categorised as follows:

	<b>Group Level 3 RM</b>
<b>2019</b>	
Investment properties	924,189,282
<b>2018</b>	
Investment properties	864,553,222

There were no Level 1 or Level 2 investment properties or transfers between Level 1 and Level 2 during the financial year ended 31 December 2019 or 31 December 2018.

### 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.

**8. INVENTORIES**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>At cost</b>		
<b>Non-current</b>		
Properties held for development		
- Freehold land	246,415,557	250,318,566
- Leasehold land	23,196,113	20,692,501
- Development costs	78,782,445	87,317,744
	348,394,115	358,328,811
<b>Current</b>		
Properties under development		
- Freehold land	90,790,741	113,460,612
- Leasehold land	313,878	327,488
- Development costs	127,165,378	122,550,570
Completed properties	256,698,463	305,004,822
Building materials and consumables	345,100	392,244
Stationeries and housekeeping supplies	331,057	733,068
	475,644,617	542,468,804
	824,038,732	900,797,615

- (a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM137,681,270 (2018: RM156,084,753).
- (b) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of written off of inventories was RM207,404 (2018: RM Nil).
- (c) The following properties are pledged as security to secure banking facilities granted to the Group as disclosed in Note 20:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Properties held for development	165,845,085	165,569,172
Properties under development	197,177,846	236,118,125
Completed properties	3,092,228	7,813,414
	166,115,159	209,500,711



**8. INVENTORIES (CONTINUED)**

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

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Depreciation of property, plant and equipment	609,986	955,195
Employee benefits expense (Note (i))	368,361	714,852
Expense relating to short-term leases of plant and machineries	739,766	3,442,875
	<hr/>	<hr/>

- (i) Included in employee benefits expense are:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Salaries, bonus and other staff related costs	331,872	646,797
Employees Provident Fund	33,482	60,439
SOCSSO	3,007	7,616
	<hr/>	<hr/>
	368,361	714,852

- (e) Titles of certain properties held for development of the Group with carrying amount of RM102,732,007 (2018: RM102,557,633) are registered under the names of the previous proprietors.
- (f) Titles of certain properties under development of the Group with carrying amount of RM4,694,568 (2018: RM3,876,694) are registered under the names of the previous proprietors.

**9. GOODWILL ON CONSOLIDATION**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Goodwill on consolidation	17,626,036	17,626,036
	<hr/>	<hr/>

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 three-year cash flow projections from financial budgets approved by management and cash flows beyond that period are extrapolated.

## 9. GOODWILL ON CONSOLIDATION (CONTINUED)

The key assumptions used for value-in-use calculations are:

- (i) Budgeted gross margins – Gross margins ranging from 8% to 11% 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 of 13% reflects the current market assessment of the risks specific to the segment.

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

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

## 10. INVESTMENT IN SUBSIDIARIES

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>At cost</b>		
Unquoted shares	552,221,584	552,221,584
Less: Impairment loss	(14,861,309)	(12,600,000)
	<hr/>	<hr/>
	537,360,275	539,621,584
Loans that are part of net investments	284,649,463	29,396,346
	<hr/>	<hr/>
	822,009,738	569,017,930
	<hr/>	<hr/>

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.

**10. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

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

Name of company	Ownership interest		Principal activities
	2019 %	2018 %	
Kar Sin Berhad	100	100	Property development and, cultivation and sale of oil palm produce
YNH Construction Sdn. Bhd.	100	100	General contracting
D'Kiara Place Sdn. Bhd. **	100	100	Property development and provision of consultancy services
YNH Hospitality Sdn. Bhd.	100	100	Provision of management services, lodging facilities and property investment holding
YNH Services Sdn. Bhd.	100	100	Provision of management services and lodging facilities
YNH Land Sdn. Bhd.	97	97	Property investment holding
Green Mirage Sdn. Bhd.	100	100	Property investment holding
Kiara Desaru Sdn. Bhd.	100	100	Property investment holding
YNH Engineering Sdn. Bhd.	100	100	General contracting
YNH Electrical Engineering Sdn. Bhd.	100	100	General contracting
YNH Ready Mix Sdn. Bhd.	100	100	Rental of plant and equipment
Sky High Corporation ^ *	100	100	Rental of plant and machinery
YNH Hardware Sdn. Bhd.	100	100	Dormant
YNH Communication Engineering Sdn. Bhd.	100	100	Dormant
YNH Utility Sdn. Bhd.	100	100	Energy and utility provider
Desaru Ace Services Sdn. Bhd.	100	100	Dormant
<b>Subsidiaries of Kar Sin Berhad</b>			
Hotel Sfera Sdn. Bhd.	100	100	Operation and management of a hotel and its related business and property investment holding
Mesra Unggul Sdn. Bhd.	100	100	Property investment holding and development
Bay Clubhouse Sdn. Bhd.	100	100	Property investment holding

## 10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name of company	Ownership interest		Principal activities
	2019 %	2018 %	
<b>Subsidiaries of Kar Sin Berhad</b>			
YNH Land Sdn. Bhd.	3	3	Property investment holding
Benua Kukuh Sdn. Bhd.	100	100	Property investment holding
YNH Realty Sdn. Bhd.	100	100	Marketing agent

^ Audited by a firm of chartered accountants affiliated with Baker Tilly Monteiro Heng PLT in prior year.

\* 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.

## 11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2019 RM	2018 RM
<b>Deferred tax assets</b>		
At 1 January		
- As previously reported under MFRSs	88,351,319	72,304,868
- Effect of adoption of MFRS 16	6,641,126	-
Adjusted balance at 1 January	94,992,445	72,304,868
Recognised in profit or loss (Note 29)	(7,116,498)	16,046,451
At 31 December	87,875,947	88,351,319
<b>Deferred tax liabilities</b>		
At 1 January		
- As previously reported under MFRSs	(38,831,569)	(40,504,037)
- Effect of transition to MFRSs	-	(2,142,673)
Adjusted balance at 1 January	(38,831,569)	(42,646,710)
Recognised in profit or loss (Note 29)	3,073,315	3,815,141
At 31 December	(35,758,254)	(38,831,569)

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

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

Deferred tax relates to the following:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Deferred tax assets</b>		
Deductible temporary differences in respect of expenses	7,644,081	-
Arising from transfer of property development cost or inventories to investment properties	3,643,650	1,351,700
Differences between the carrying amount of property, plant and equipment and its tax base	(2,263,512)	(81,300)
Interest attributable to property development cost	36,850,472	36,357,096
Provision for future operating lease commitment	-	995,000
Unrealised profit on development properties	42,001,256	49,728,823
	<u>87,875,947</u>	<u>88,351,319</u>
<b>Deferred tax liabilities</b>		
Deductible temporary differences in respect of expenses	(289,322)	(45,303)
Differences between the carrying amount of property, plant and equipment and its tax base	(433,350)	(440,494)
Fair value adjustment on consolidation	(35,035,582)	(38,345,772)
	<u>(35,758,254)</u>	<u>(38,831,569)</u>

Unrecognised deferred tax assets

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

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Deductible temporary difference in respect of expenses	14,001,379	21,128,827
Investment tax allowance	2,201,000	2,201,000
Unutilised tax losses	43,958,427	39,795,162
Unabsorbed capital allowances	12,886,629	11,339,738
Provision for future operating lease commitment	-	64,802
	<u>73,047,435</u>	<u>74,529,529</u>

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

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

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

	<b>Group 2019 RM</b>
2025	39,795,162
2026	4,163,265
	<u>43,958,427</u>

**12. OTHER NON-CURRENT/CURRENT ASSETS**

	<b>Note</b>	<b>Group 2019 RM</b>	<b>2018 RM</b>	<b>Company 2019 RM</b>	<b>2018 RM</b>
<b>Non-current</b>					
Deposits for joint venture and turnkey contracts	<b>(a)</b>	737,224,140	511,197,470	-	-
<b>Current</b>					
Costs to obtain contracts	<b>(b)</b>	6,379,962	5,294,579	-	-
Deposits for acquisition of development lands		125,213	125,211	-	-
Mobilisation deposits	<b>(c)</b>	3,158,700	8,808,932	-	-
Prepayments		2,160,341	947,313	37,077	2,077
		<u>11,824,216</u>	<u>15,176,035</u>	<u>37,077</u>	<u>2,077</u>
		<u>749,048,356</u>	<u>526,373,505</u>	<u>37,077</u>	<u>2,077</u>

**(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.

The titles of freehold land and leasehold land relating to the security deposits amounting to RM497,484,570 (2018: RM271,457,900) are pledged to secure banking facilities granted to the Group as disclosed in Note 20.

12. OTHER NON-CURRENT/CURRENT ASSETS (CONTINUED)

(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 2019, amortisation amounting to RM6,859,777 (2018: RM2,856,565) 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.

13. TRADE AND OTHER RECEIVABLES

	Group	Company		
Note	2019 RM	2018 RM	2019 RM	2018 RM
<b>Trade</b>				
Trade receivables from contracts with customers	123,251,284	135,516,266	-	-
Less: Allowance for impairment loss	(9,328,775)	(4,159,414)	-	-
<b>(a)</b>	113,922,509	131,356,852	-	-
<b>Non-trade</b>				
Other receivables	18,493,120	16,293,861	-	-
Less: Allowance for impairment loss	(10,461,396)	(4,362,915)	-	-
<b>(b)</b>	8,031,724	11,930,946	-	-
GST refundable	4,000,976	4,359,921	-	-
Deposits	5,034,290	4,648,649	-	-
Amount owing by subsidiaries	-	-	3,841,880	3,843,205
<b>(c)</b>	17,066,990	20,939,516	3,841,880	3,843,205
Total trade and other receivables	130,989,499	152,296,368	3,841,880	3,843,205

### 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

#### (a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 14 to 60 days (2018: 14 to 180 days) from the date of invoices. Credit terms for sales of commercial properties is 14 days (2018: 14 to 270 days).

Included in trade receivables of the Group are amounts of:

- (i) RM985,326 (2018: RM11,225,981) owing by a company related to a director of the Company;
- (ii) RM6,677,122 (2018: RM6,382,889) owing by certain directors of the Company;
- (iii) RM7,103,611 (2018: RM4,987,861) owing by persons related to directors of the Company; and
- (iv) RM16,621,925 (2018: RM521,033) 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:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>At 1 January</b>	4,159,414	11,071,384
Charge for the financial year (Note 27)	6,455,863	2,658,030
Reversal of impairment losses (Note 27)	(1,286,502)	(3,030,000)
Written off	-	(6,540,000)
<b>At 31 December</b>	<u>9,328,775</u>	<u>4,159,414</u>

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

#### (b) Other receivables

Included in other receivables of the Group are amounts of:

- (i) RM Nil (2018: RM614,088) advanced to a third party in connection with a turnkey construction agreement for the construction of residential properties;
- (ii) RM1,833,552 (2018: RM3,077,760) 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) RM Nil (2018: RM270,562) 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.



13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Other receivables (Continued)

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

	Group	
	2019	2018
	RM	RM
<b>At 1 January</b>	4,362,915	3,091,215
Charge for the financial year (Note 27)	6,150,098	1,343,532
Reversal of impairment losses (Note 27)	(51,617)	(71,832)
<b>At 31 December</b>	10,461,396	4,362,915

(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.

14. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2019	2018
	RM	RM
Contracts assets relating to property development contracts	-	46,173,287
Contract assets relating to construction service contracts	720,833	1,568,658
Total contract assets	720,833	47,741,945
Contracts liabilities relating to advances received from purchasers of properties	-	12,380,258
Contracts liabilities relating to property development	111,248,594	180,182,211
Advances from customers relating to utility charges	462,158	-
Total contract liabilities	111,710,752	192,562,469

14. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(a) Significant changes in contract balances

	Group			
	2019	2019	2018	2018
	Contract assets Increase/ (decrease) RM	Contract liabilities Increase/ (decrease) RM	Contract assets Increase/ (decrease) RM	Contract liabilities Increase/ (decrease) RM
Revenue recognised that was included in contract liability at the beginning of the financial year	-	(96,116,096)	-	(86,253,915)
Increase due to progress billings or cash received for work yet to be performed	-	15,264,379	-	114,700,253
Increase due to unbilled revenue recognised during the year	179,307	-	47,714,444	-
Transfer from contract assets recognised at the beginning of the period to receivables	(47,200,419)	-	(2,327,280)	-

15. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances	14,406,579	12,682,132	92,721	92,127
Short-term deposits	1,000,883	695,506	-	-
Short-term fund - redeemable at call	103,457	-	-	-
	<u>15,510,919</u>	<u>13,377,638</u>	<u>92,721</u>	<u>92,127</u>

**15. CASH AND SHORT-TERM DEPOSITS (CONTINUED)**

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

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Short-term deposits	1,000,883	695,506	-	-
Less: Pledged deposits	(1,000,883)	(695,506)	-	-
	-	-	-	-
Cash and bank balances	14,406,579	12,682,132	92,721	92,127
Short term fund	103,457	-	-	-
Bank overdrafts (Note 20)	(57,783,587)	(106,209,731)	-	-
Escrow accounts	(2,040)	-	(2,040)	-
	(43,275,591)	(93,527,599)	90,681	92,127

The short-term deposits of the Group amounting to RM1,000,883 (2018: RM695,506) is pledged as security to secure bank guarantees granted to the Group.

Included in cash and bank balances of the Group is an amount of RM5,300,157 (2018: RM2,586,214) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

Included in cash and bank balances of the Group and of the Company is an amount of RM2,040 (2018: RM Nil) held as Escrow Accounts pursuant to the Perpetual Securities Programme as disclosed in Note 19.

Included in short-term deposits of the Group is an amount of RM161,420 (2018: RM161,420) held in trust by a director of the Company.

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

	<b>Maturities</b>		<b>Interest rates</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Days</b>	<b>Days</b>	<b>%</b>	<b>%</b>
<b>Group</b>				
Short-term deposits	30 - 365	30 - 365	2.80 - 3.60	2.55 - 3.35

## 16. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		←-----Amount-----→	
	2019 Units	2018 Units	2019 RM	2018 RM
<b>Issued and fully paid up:</b>				
At 1 January/ 31 December	528,999,579	528,999,579	528,999,579	528,999,579

Effective from 31 January 2017, the 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.

## 17. TREASURY SHARES

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

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 2019, the Company held 512,512 (2018: 512,512) ordinary shares as treasury shares at a carrying amount of RM970,157 (2018: RM970,157).

## 18. OTHER RESERVES

	Note	Group	
		2019 RM	2018 RM
Capital reserve	(a)	26,578,054	26,578,054
Translation reserve	(b)	5,336,818	5,737,755
		31,914,872	32,315,809

### (a) Capital reserve

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

**18. OTHER RESERVES (CONTINUED)**

**(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.

**19. PERPETUAL SECURITIES**

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

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

The salient features of the Perpetual Securities are as follows:

- (a) The Perpetual Securities has no fixed maturity date and the Company has an option to redeem all or part of the Perpetual Securities at the end of the fifth year from the issuance date, and on each subsequent coupon payment date (i.e. semi-annually);
- (b) The Company also has the option to redeem the Perpetual Securities if there is any change or amendment to the accounting standards resulting in the Perpetual Securities no longer being classified as equity;
- (c) The Perpetual Securities carries a coupon rate of 6.85% per annum payable semi-annually for the first 5 years;
- (d) Deferred coupon payment, if any, will be cumulative but will not earn additional coupon (i.e. there will be no compounding);
- (e) The Perpetual Securities is unrated and is secured over an investment property, specific debenture and assignment over escrow bank account of the Group; and
- (f) Payment to holders of Perpetual Securities will rank:
  - (i) ahead of any class of the Company's share capital, including, without limitation, any preference shares and ordinary shares in the capital of the Company;
  - (ii) any other instruments or securities issued, entered into or guaranteed by the Company, whether by its terms or by operation of law, ranks in right of payment behind the claims of unsecured or unsubordinated obligations of the Company; and
  - (iii) upon the security pledged being exhausted and Perpetual Securities are still outstanding, rank pari passu, without discrimination, preference or priority among themselves and rank at least pari passu with all other present and future unsecured, unconditional and unsubordinated obligations of the Company and with any parity obligations.

**20. LOANS AND BORROWINGS**

		<b>Group</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>RM</b>	<b>RM</b>
<b>Non-current:</b>			
Secured:			
Term loans	<b>(a)</b>	267,080,899	146,328,681
Finance lease liabilities	<b>(b)</b>	-	8,345,279
		<u>267,080,899</u>	<u>154,673,960</u>
<b>Current:</b>			
Secured:			
Term loans	<b>(a)</b>	23,060,832	121,465,721
Finance lease liabilities	<b>(b)</b>	-	2,349,080
Revolving credits	<b>(c)</b>	291,764,021	385,961,124
Bank overdrafts (Note 15)	<b>(d)</b>	57,783,587	106,209,731
		<u>372,608,440</u>	<u>615,985,656</u>
		<u>639,689,339</u>	<u>770,659,616</u>
<b>Total loans and borrowings</b>			
Term loans	<b>(a)</b>	290,141,731	267,794,402
Finance lease liabilities	<b>(b)</b>	-	10,694,359
Revolving credits	<b>(c)</b>	291,764,021	385,961,124
Bank overdrafts (Note 15)	<b>(d)</b>	57,783,587	106,209,731
		<u>639,689,339</u>	<u>770,659,616</u>

**(a) Term loans**

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

	Repayment terms	Interest rate	Security	Amounts outstanding	
				2019	2018
				RM	RM
(i)	Repayable by 168 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM11,933, 49th to 84th instalment of RM14,709 and 85th to 167th instalment of RM14,709 and 168th instalment of RM3,891,675	1.50% above bankers' cost of funds	Legal charge over certain investment properties of the Group*	5,048,326	5,222,595

**20. LOANS AND BORROWINGS (CONTINUED)**

**(a) Term loans (Continued)**

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

	Repayment terms	Interest rate	Security	Amounts outstanding	
				2019 RM	2018 RM
(ii)	Repayable by 168 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM107,401, 49th to 167th instalment of RM132,377 and 168th instalment of RM35,025,069	1.50% above bankers' cost of funds	Legal charge over certain investment properties of the Group*	45,434,551	47,003,352
(iii)	Repayable by 168 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM11,933, 49th to 167th instalment of RM14,708 and 168th instalment of RM3,891,675	1.50% above bankers' cost of funds	Legal charge over certain investment properties of the Group*	5,024,237	5,222,583
(iv)	Repayable by 168 monthly instalments commencing on the 19th month from the first drawdown. 19th-48th instalment of RM107,401, 49th to 167th instalment of RM132,377 and 168th instalment of RM35,025,069	1.50% above bankers' cost of funds	Legal charge over certain investment properties of the Group*	45,218,131	47,003,248
(v)	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*	66,318,469	67,894,959
(vi)	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#	17,127,864	18,621,583

**20. LOANS AND BORROWINGS (CONTINUED)**

**(a) Term loans (Continued)**

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

	Repayment terms	Interest rate	Security	Amounts outstanding	
				2019 RM	2018 RM
(vii)	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#	4,647,016	6,388,712
(viii)	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#	16,428,571	20,714,286
(ix)	Repayable by a reduction schedule and/or redemption of commercial units and residential units under the proposed Desa Sri Hartamas project	2.0% above the banker's cost of funds	Legal charge over certain joint development land of the Group#	48,902,336	49,723,084
(x)	Repayable by a reduction schedule and/or redemption of commercial units and residential units under the proposed Desa Sri Hartamas project	2% above the bankers' cost of funds	Legal charge over certain joint development land of the Group#	35,992,230	-
				290,141,731	267,794,402

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

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

The term loans of the Group bear interest at rates ranging from 5.02% to 8.00% (2018: 4.87% to 8.0%) per annum.



**20. LOANS AND BORROWINGS (CONTINUED)**

**(b) Finance lease liabilities**

Certain plant and machineries of the Group as disclosed in Note 6 are pledged for finance leases. Such leases do not have terms for renewal but 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 nil (2018: 3.02% to 3.35%) per annum.

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

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Minimum lease payments:		
Not later than one year	-	2,805,726
Later than one year and not later than 5 years	-	9,649,826
	-	<u>12,455,552</u>
Less: Future finance charges	-	(1,761,193)
Present value of minimum lease payments	-	<u>10,694,359</u>
Present value of minimum lease payments payable:		
Not later than one year	-	2,349,080
Later than one year and not later than 5 years	-	8,345,279
	-	<u>10,694,359</u>
Less: Amount due within 12 months	-	(2,349,080)
Amount due after 12 months	-	<u>8,345,279</u>

**(b) Revolving credits**

The revolving credits of the Group bear interest at rates ranging from 4.90% to 6.40% (2018: 4.60% to 6.90%) 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.

**(c) Bank overdrafts**

Bank overdrafts of the Group bear interest at rates ranging from 7.48% to 8.45% (2018: 5.60% to 8.20%) 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.

21. LEASE LIABILITIES

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Non-current</b>		
Lease liabilities	61,992,275	-
<b>Current</b>		
Lease liabilities	30,046,850	-
	<u>92,039,125</u>	<u>-</u>

Certain plant and machineries of the Group as disclosed in Note 6 are pledged under finance leases or hire purchase arrangement. The range of interest rates implicit in the leases is 5.94% to 6.23% (2018: nil) per annum.

The weighted average incremental borrowing rate of the Group applied to other lease liabilities is 5.50% (2018: nil) per annum.

Included in lease liabilities of the Group is an amount of RM35,456,620 (2018: RM Nil) payable to certain directors and persons related to certain directors of the Company.

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

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Minimum lease payments:		
Not later than one year	34,200,966	-
Later than one year and not later than 5 years	68,287,211	-
	<u>102,488,177</u>	<u>-</u>
Less: Future finance charges	(10,449,052)	-
Present value of minimum lease payments	<u>92,039,125</u>	<u>-</u>
Present value of minimum lease payments payable:		
Not later than one year	30,046,850	-
Later than one year and not later than 5 years	61,992,275	-
	<u>92,039,125</u>	<u>-</u>
Less: Amount due within 12 months	(30,046,850)	-
Amount due after 12 months	<u>61,992,275</u>	<u>-</u>

**22. PROVISIONS**

	<b>Group</b>		
	<b>Future operating lease commitment RM</b>	<b>Rectification work RM</b>	<b>Total RM</b>
<b>2019</b>			
At 1 January 2019			
- As previously reported	6,459,649	665,438	7,125,087
- Effect of adoption of MFRS 16	(6,459,649)	-	(6,459,649)
Adjusted balance at 1 January 2019	-	665,438	665,438
Recognised in profit or loss (Note 27)	-	674,122	674,122
Utilised during the financial year	-	(910,101)	(910,101)
At 31 December 2019	-	429,459	429,459
<b>2018</b>			
At 1 January 2018	15,451,460	115,160	15,566,620
Recognised in profit or loss (Note 27)	-	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
<b>2019</b>			
Non-current	-	-	-
Current	-	429,459	429,459
	-	429,459	429,459
<b>2018</b>			
Non-current	775,126	-	775,126
Current	5,684,523	665,438	6,349,961
	6,459,649	665,438	7,125,087

**(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% (2018: 0.2%) on the total contracted sum of completed contracts.

23. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Current:</b>					
<b>Trade</b>					
Trade payables	(a)	72,095,448	137,385,772	-	-
<b>Non-trade</b>					
Other payables	(b)	136,598,890	125,524,832	335,827	324,409
GST payable		115,912	144,815	-	-
SST payable		591,395	296,153	-	-
Deposits		23,140,418	7,780,767	-	-
Accruals		23,859,162	12,363,786	82,807	33,943
Amount owing to a director	(c)	583,928	394,114	1,000	-
Amount owing to subsidiaries	(c)	-	-	7,841,015	13,193,961
		184,889,705	146,504,467	8,260,649	13,552,313
Total trade and other payables		256,985,153	283,890,239	8,260,649	13,552,313

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 14 to 90 days (2018: 14 to 90 days).

Included in trade payables of the Group are amounts of:

- (i) RM2,163,696 (2018: RM1,673,770) owing to companies related to certain directors of the Company which are under normal credit terms; and
- (ii) RM3,645,358 (2018: RM2,893,051) being retention sums held by the Group.

(b) Other payables

Included in other payables of the Group are:

- (i) RM16,702,173 (2018: RM22,282,642) 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 are expected to be settled in cash;
- (ii) RM656,248 (2018: RM1,034,308) landowners' entitlement pursuant to the joint venture agreements entered into with the landowners;
- (iii) RM3,992,570 (2018: RM2,050,000) unsecured advances which are owing to persons related to certain directors of the Company. The amounts owing are non-interest bearing, repayable on demand and is expected to be settled in cash; and
- (iv) RM58,500,000 (2018: RM58,500,000) due to a third-party following revocation of land sales in previous financial year.

**23. TRADE AND OTHER PAYABLES (CONTINUED)**

**(c) Deposits**

Included in deposits of the Group are rental deposits amounting to RM8,298,270 (2018: RM7,222,215).

**(d) Accruals**

Included in accruals of the Group is accrued guarantee rental return (“GRR”) amounting to RM9,464,654 (2018: RM7,305,228). Included in accrued GRR are amounts of RM7,763,163 (2018: RM5,806,955) owing to certain directors and persons related to certain directors of the Company.

**(e) Amounts owing to a director and subsidiaries**

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

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

**24. REVENUE**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Revenue from contract customers:</b>		
Properties held for development	2,782,500	5,988,224
Properties under development	181,171,958	238,640,073
Completed properties	102,966,367	27,945,548
Construction contracts	-	1,136,876
Income from estates	1,684,188	1,926,319
Room sales, food and beverages	55,279,057	61,817,556
Sale of electricity	7,691,957	-
	351,576,027	337,454,596
<b>Revenue from other sources:</b>		
Rental income from:		
- properties	12,664,739	13,999,743
- plant and machinery	1,767,862	8,005,917
	14,432,601	22,005,660
	366,008,628	359,460,256

24. REVENUE (CONTINUED)

(a) Disaggregation of revenue

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

	Property development RM	Hotel & hospitality RM	Total RM
<b>Group - 2019</b>			
<b>Major goods or services:</b>			
Sale of properties held for development	2,782,500	-	2,782,500
Properties under development	181,171,958	-	181,171,958
Sale of completed properties	102,966,367	-	102,966,367
Income from estates	1,684,188	-	1,684,188
Room sales, food and beverages	-	55,279,057	55,279,057
Sale of electricity	7,691,957	-	7,691,957
	296,296,970	55,279,057	351,576,027
<b>Timing of revenue recognition:</b>			
At a point in time	115,125,012	55,279,057	170,404,069
Over time	181,171,958	-	181,171,958
	296,296,970	55,279,057	351,576,027
<b>Group - 2018</b>			
<b>Major goods or services:</b>			
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
<b>Timing of revenue recognition:</b>			
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

**24. REVENUE (CONTINUED)**

**(b) Transaction price allocated to the remaining performance obligations**

As of 31 December 2019, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM182,992,422 (2018: 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.

**25. COST OF SALES**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Cost of properties held for development sold	1,380,649	9,565,478
Cost of properties under development	69,294,202	131,820,155
Cost of completed properties sold	67,006,419	14,699,120
Cost of construction services	2,716,611	350,043
Cost of electricity	6,553,225	-
Direct operating expenses of:		
- plant and machinery	164,021	1,700,317
Cost of estates	1,100,955	1,061,294
Hotel and other operation costs:		
- depreciation of right-of-use assets	12,199,966	-
- expense relating to variable lease payments not included in the measurement of lease liabilities	6,661,332	-
- rental of premises	-	15,467,823
- others	35,820,108	50,188,787
	<b>202,897,488</b>	<b>224,853,017</b>

**26. FINANCE COSTS**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Interest expense on:		
- term loans	15,395,442	14,721,409
- revolving credits	19,037,241	24,120,996
- bank overdrafts	5,648,559	6,392,729
- lease liabilities	5,297,463	122,030
- others	-	712,039
	<b>45,378,705</b>	<b>46,069,203</b>

**27. 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	
	2019 RM	2018 RM	2019 RM	2018 RM
Auditors' remuneration				
- statutory audit				
- current year	363,700	317,600	86,250	66,700
- prior year	3,000	-	-	-
- non-statutory audit	12,000	12,000	7,000	7,000
Bad debts written off	233,167	340,683	-	-
Depreciation of investment properties	4,858,567	7,162,665	-	-
Depreciation of property, plant and equipment	2,578,119	10,248,521	-	-
Depreciation of right-of-use assets				
- included in cost of sales	12,199,966	-	-	-
- included in administrative expenses	4,280,688	-	-	-
Direct operating expenses:				
- income generating investment properties	1,547,337	2,011,826	-	-
- non-income generating investment properties	994,281	43,877	-	-
Employee benefits expense (Note 28)	44,433,376	42,060,216	-	-
Expense relating to lease of low value assets	195,544	-	-	-
Expense relating to short-term leases	1,713,025	-	-	-
Expense relating to variable lease payments not included in the measurement of lease liabilities/rental expense on premises				
- included in cost of sales	6,661,332	15,467,823	-	-
- included in administrative expenses	-	970,085	-	-
Impairment losses on property, plant and equipment	455,338	-	-	-
Impairment losses on right-of-use assets	640,443	-	-	-
Impairment losses on:				
- trade receivables (Note 13)	6,455,863	2,658,030	-	-
- other receivables (Note 13)	6,150,098	1,343,532	-	-
- investment in subsidiaries (Note 10)	-	-	2,261,309	-
Inventories written off	207,404	-	-	-



**27. PROFIT/(LOSS) BEFORE TAX (CONTINUED)**

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

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Loss on disposal of right-of-use assets	134,100	-	-	-
Non-executive directors' remuneration (Note 34)	314,038	314,038	314,038	314,038
Property, plant and equipment written off	162,486	87,512	-	-
Provision for rectification works (Note 22)	674,122	584,186	-	-
Rental expense on lorries and tractors	-	71,760	-	-
Rental expense on office equipment	-	91,332	-	-
Rental expense on plant and machineries	-	2,152,476	-	-
Gain on disposal of property, plant and equipment	(1,988,850)	-	-	-
Income from subleasing right-of-use assets	(455,634)	-	-	-
Income relating to variable lease payments	(1,977,700)	-	-	-
Interest income	(1,189,696)	(276,537)	(387,529)	-
Profit from sale of building materials	(615,410)	(408,212)	-	-
Unrealised foreign exchange loss	-	970,060	-	-
Rental income from properties				
- included in revenue	(12,664,739)	(13,999,743)	-	-
- included in other income	(14,431,495)	(2,896,718)	-	-
Rental income from plant and machineries				
- included in revenue	(1,767,862)	(8,005,917)	-	-
- included in other income	-	(5,278,467)	-	-
Reversal of impairment losses on:				
- trade receivables (Note 13)	(1,286,502)	(3,030,000)	-	-
- other receivables (Note 13)	(51,617)	(71,832)	-	-

**28. EMPLOYEE BENEFITS EXPENSE**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Salaries, bonus and other staff related costs	39,416,105	36,197,383
Employees Provident Fund	4,738,812	5,583,876
SOCSSO	278,459	278,957
	<b>44,433,376</b>	<b>42,060,216</b>
Included in employee benefits expenses are:		
Directors' other emoluments	10,358,432	9,616,342

**29. INCOME TAX EXPENSE**

The major components of income tax expense for the financial years ended 31 December 2019 and 2018 are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Statements of comprehensive income</b>				
<b>Current tax:</b>				
Current income tax charge	19,151,604	29,849,516	-	-
Adjustment in respect of prior years	(4,349,478)	764,376	-	-
	14,802,126	30,613,892	-	-
<b>Deferred tax:</b>				
Origination/(Reversal) of temporary differences	844,697	(17,414,857)	-	-
Adjustment in respect of prior years	3,198,486	(2,446,735)	-	-
	4,043,183	(19,861,592)	-	-
Income tax expense recognised in profit or loss	18,845,309	10,752,300	-	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial year.

## 29. INCOME TAX EXPENSE (CONTINUED)

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:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit/(Loss) before tax	59,930,500	26,361,353	(2,715,341)	(631,185)
Tax at Malaysian statutory income tax rate of 24% (2018: 24%)	14,383,300	6,326,700	(651,700)	(151,500)
Non-deductible expenses	6,690,428	7,125,114	651,700	151,500
Non-taxable income	(721,724)	(229,174)	-	-
Utilisation of previously unrecognised deferred tax assets	-	(1,914,780)	-	-
Deferred tax assets not recognised	1,231,625	1,126,799	-	-
Reduction in deferred tax assets not recognised	(1,587,328)	-	-	-
Adjustment in respect of prior years:				
- current tax	(4,349,478)	764,376	-	-
- deferred tax	3,198,486	(2,446,735)	-	-
Income tax expense	18,845,309	10,752,300	-	-

## 30. 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:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Profit for the financial year attributable to owners of the Company	41,085,191	15,609,053
	<b>2019</b>	<b>2018</b>
	<b>Units</b>	<b>Units</b>
Weighted average number of ordinary shares for basic earnings per share*	528,487,067	526,125,258

**30. EARNINGS PER SHARE (CONTINUED)**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>Sen</b>	<b>Sen</b>
Basic earnings per ordinary share	7.77	2.97

\* 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.

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

**31. DIVIDENDS**

	<b>Group and Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>Recognised during the financial year:</b>		
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

At the forthcoming Annual General Meeting, a single tier final dividend of 2.5 sen (2018: Nil sen) per ordinary share, amounting to RM13,212,177 (2018: RM Nil) in respect of the current financial year, based on the number of outstanding ordinary shares in issue (net of treasury shares) as at 31 December 2019, will be proposed for the shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

## 32. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

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

	<b>Carrying amount</b>	<b>Amortised cost</b>
	<b>RM</b>	<b>RM</b>
<b>At 31 December 2019</b>		
<b>Financial assets</b>		
<b>Group</b>		
Trade and other receivables #	126,988,523	126,988,523
Cash and short-term deposits	15,510,919	15,510,919
	<u>142,499,442</u>	<u>142,499,442</u>
<b>Company</b>		
Trade and other receivables #	3,841,880	3,841,880
Cash and short-term deposits	92,721	92,721
	<u>3,934,601</u>	<u>3,934,601</u>
<b>Financial liabilities</b>		
<b>Group</b>		
Loans and borrowings	639,689,339	639,689,339
Lease liabilities	92,039,125	92,039,125
Trade and other payables #	256,277,846	256,277,846
	<u>988,006,310</u>	<u>988,006,310</u>
<b>Company</b>		
Trade and other payables #	8,260,649	8,260,649
<b>At 31 December 2018</b>		
<b>Financial assets</b>		
<b>Group</b>		
Trade and other receivables #	147,936,447	147,936,447
Cash and short-term deposits	13,377,638	13,377,638
	<u>161,314,085</u>	<u>161,314,085</u>
<b>Company</b>		
Trade and other receivables #	3,843,205	3,843,205
Cash and short-term deposits	92,127	92,127
	<u>3,935,332</u>	<u>3,935,332</u>

# excluding GST refundable, GST payable and SST payable

**32. FINANCIAL INSTRUMENTS (CONTINUED)**

**(a) Categories of financial instruments (Continued)**

	Carrying amount RM	Amortised cost RM
<b>At 31 December 2018 (Continued)</b>		
<b>Financial liabilities</b>		
<b>Group</b>		
Loans and borrowings	770,659,616	770,659,616
Trade and other payables #	283,449,271	283,449,271
	1,054,108,887	1,054,108,887
<b>Company</b>		
Trade and other payables #	13,552,313	13,552,313

# excluding GST refundable, GST payable and SST 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.

**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.

**32. FINANCIAL INSTRUMENTS (CONTINUED)**

**(b) Financial risk management (Continued)**

**(i) Credit risk (Continued)**

**Trade receivables and contract assets (Continued)**

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.

The information about the credit risk exposure on the Group’s trade receivables and contract assets as at 31 December 2019 and 2018 are as follows:

	<b>Gross carrying amount RM</b>	<b>ECL allowance RM</b>	<b>Net balance RM</b>
<b>Group</b>			
<b>At 31 December 2019</b>			
<b>Trade receivables</b>			
Current (not past due)	28,806,827	-	28,806,827
1 to 30 days past due	10,865,974	-	10,865,974
31 to 60 days past due	8,317,977	-	8,317,977
61 to 90 days past due	2,841,366	-	2,841,366
91 to 120 days past due	2,410,422	-	2,410,422
121 to 150 days past due	1,593,579	-	1,593,579
More than 151 days past due	59,086,364	-	59,086,364
Credit impaired:			
- Individually assessed	9,328,775	(9,328,775)	-
<b>Contract assets</b>			
Current (not past due)	720,833	-	720,833
	<u>123,972,117</u>	<u>(9,328,775)</u>	<u>114,643,342</u>

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets as at 31 December 2019 and 2018 are as follows (Continued):

	Gross carrying amount RM	ECL allowance RM	Net balance RM
<b>At 31 December 2018</b>			
<b>Trade receivables</b>			
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)	-
<b>Contract assets</b>			
Current (not past due)	47,741,945	-	47,741,945
	<u>183,258,211</u>	<u>(4,159,414)</u>	<u>179,098,797</u>

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.

**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.



## 32. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (Continued)

#### (i) Credit risk (Continued)

##### **Other receivables and other financial assets (Continued)**

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

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

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 RM639,689,339 (2018: RM759,965,257) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 32(b)(ii). As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

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

#### (ii) Liquidity risk

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

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

**32. FINANCIAL INSTRUMENTS (CONTINUED)**

**(b) Financial risk management (Continued)**

**(ii) Liquidity risk (Continued)**

As at 31 December 2019, the Group's current liabilities exceeded its current assets by RM158,907,299 (2018: RM336,146,488) and the Group had short-term payables and accruals and borrowings (including lease liabilities) of RM256,985,153 and RM402,655,290 (2018: 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:

	Carrying amount RM	Contractual cash flows			Total RM
		On demand or within one year RM	Between one to five years RM	More than five years RM	
<b>Group</b>					
<b>At 31 December 2019</b>					
Trade and other payables	256,277,846	256,277,846	-	-	256,277,846
Term loans	290,141,731	39,446,128	293,872,372	19,158,825	352,477,325
Lease liabilities	92,039,125	34,200,966	68,287,211	-	102,488,177
Revolving credits	291,764,021	292,424,695	-	-	292,424,695
Bank overdrafts	57,783,587	57,783,587	-	-	57,783,587
	<b>988,006,310</b>	<b>680,133,222</b>	<b>362,159,583</b>	<b>19,158,825</b>	<b>1,061,451,630</b>
<b>At 31 December 2018</b>					
Trade and other payables	283,449,271	283,449,271	-	-	283,449,271
Term loans	267,794,402	608,908,850	163,685,797	11,621,620	784,216,267
Finance lease liabilities	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
	<b>1,054,108,887</b>	<b>1,387,334,702</b>	<b>173,335,623</b>	<b>11,621,620</b>	<b>1,572,291,945</b>

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

Maturity analysis (Continued)

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

	Carrying amount RM	Contractual cash flows			Total RM
		On demand or within one year RM	Between one to five years RM	More than five years RM	
<b>Company</b>					
<b>At 31 December 2019</b>					
Trade and other payables	8,260,649	8,260,649	-	-	8,260,649
Financial guarantee contracts	-	639,689,339	-	-	639,689,339
	<u>8,260,649</u>	<u>647,949,988</u>	<u>-</u>	<u>-</u>	<u>647,949,988</u>
<b>At 31 December 2018</b>					
Trade and other payables	13,552,313	13,552,313	-	-	13,552,313
Financial guarantee contracts	-	759,965,257	-	-	759,965,257
	<u>13,552,313</u>	<u>773,517,570</u>	<u>-</u>	<u>-</u>	<u>773,517,570</u>

(iii) Interest rate risk

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

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

**32. FINANCIAL INSTRUMENTS (CONTINUED)**

**(b) Financial risk management (Continued)**

**(iii) Interest rate risk (Continued)**

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.

	Change in basis points %	Group Effect on profit for the financial year RM	Effect on equity RM
<b>31 December 2019</b>	25	(1,215,400)	(1,215,400)
	(25)	1,215,400	1,215,400
<b>31 December 2018</b>	25	(1,443,900)	(1,443,900)
	(25)	1,443,900	1,443,900

**(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 (2018: no transfer in either directions).

	Carrying amount RM	Fair value of financial instruments not carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	
<b>Group</b>					
<b>31 December 2018</b>					
<b>Financial liability</b>					
Finance lease liabilities	10,694,359	-	-	10,694,359	10,694,359

**Level 3 fair value**

Fair value of financial instruments not carried at fair value

The fair value of finance lease liabilities is 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.

### 33. COMMITMENTS

#### (a) Operating lease commitments – as lessee

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

	Group	
	2019 RM	2018 RM
Not later than one year	-	9,385,671
More than one year and not later than five years	-	775,126
	-	10,160,797
Less: Provision for future operating lease commitment (Note 22)	-	(6,459,649)
	-	3,701,148

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.

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.

#### (b) Operating lease commitments – as lessor

The Group leases its properties which are freehold land with shopping complexes and a school building with non-cancellable lease terms of 10 years. The lease may be renewed for a further 3 terms 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	
	2019 RM	2018 RM
Not later than one year	23,219,297	10,351,000
More than one year and not later than five years	38,716,827	35,556,416
More than five years	9,487,836	10,198,536
	71,423,960	56,105,952

### 34. RELATED PARTIES

#### (a) Identity of related parties

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

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Entities in which directors have substantial financial interest; 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:

		<b>Group</b>	
<b>(Received and receivable from)/ Paid and payable to related parties</b>		<b>2019</b>	<b>2018</b>
		<b>RM</b>	<b>RM</b>
<b>Directors related companies/firm</b>	<b>Transactions</b>		
Actual Future Sdn. Bhd.	Rental of office	75,199	73,062
Various Promotion Sdn. Bhd.	Purchase of construction materials	202,482	275,679
Rapid Synergy Bhd.	Rental of properties	356,820	365,740
Kar Sin Hardware Sdn. Bhd.	Rental of equipment and transportation cost	2,804,401	2,904,981
	Billings in relation to sale of properties	-	(3,303,976)
Kar Sin Ready Mix Sdn. Bhd.	Purchase of construction materials	640,044	909,887
	Rental income of properties	-	(45,000)
	Rental of machinery	(348,538)	-
N.A.B. Holdings Sdn. Bhd.	Rental of equipment and transportation cost	182,499	71,760
Mutual Boundary Sdn. Bhd.	Purchase of construction materials	10,366	-
	Rental payable	149,796	186,737

34. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions (Continued)

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

(Received and receivable from)/ Paid and payable to related parties		Group	
		2019 RM	2018 RM
<b>Directors related companies/firm</b>	<b>Transactions</b>		
Yu & Associates	Legal services	2,941,319	1,323,536
	Rental income of office premise	(36,000)	(36,000)
Caldera Machinery Sdn. Bhd.	Rental of equipment	-	135,300
	Rental income of equipment	(193,352)	(874,226)
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	(336,000)	(320,068)
	Sale of construction materials	(19,326)	-
Caldera Construction Sdn. Bhd.	Rental income of equipment	(660,396)	(1,367,673)
	Purchase of construction materials	77,585	-
	Sale of construction materials	(156,831)	-
Good Intensive Sdn. Bhd.	Sale of construction materials	(7,120)	-
Halim & Yu Sdn. Bhd.	Billings in relation to sale of properties	-	(20,982,989)
	Renovation works	(35,947)	(170,962)
Pearl Total Sdn. Bhd.	Rental of premises	73,740	73,740
Six Pack Fitness Sdn. Bhd.	Rental income of properties	(255,600)	(345,080)
	Sale of materials	(37,069)	(44,241)

34. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions (Continued)

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

(Received and receivable from)/ Paid and payable to related parties		Group	
		2019 RM	2018 RM
<b>Directors</b>			
- directors	Billings in relation to sale of properties	-	(13,045,820)
	Legal services	176,970	873,586
	Guarantee return payable	9,280,176	10,074,599
- persons related to directors	Billings in relation to sale of properties	(4,054,000)	(24,930,000)
	Employee benefits	7,909,367	8,612,010
	Guarantee return payable	-	628,113

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.



**34. RELATED PARTIES (CONTINUED)**

**(b) Significant related party transactions (Continued)**

- (xi) Kar Sin Premium Sdn. Bhd. is a company owned by the daughters of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.
- (xii) Pearl Total Sdn. Bhd. is a company owned by the daughters of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.
- (xiii) Six Pack Fitness Sdn. Bhd. is a company owned by Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.
- (xiv) 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.
- (xv) Kar Sin Power Sdn. Bhd. is a company owned by Dato' Yu Kuan Chon, DIMP, PPT, MBBS and his spouse.
- (xvi) Kar Sin Hardware Sdn. Bhd. is a company in which Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT holds 85% equity interest.
- (xvii) N.A.B. Holdings Sdn. Bhd. is a company in which Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT holds 75% equity interest.
- (xviii) Good Intensive Sdn. Bhd. is a company owned by the sister-in-law of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT and Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS.
- (xix) Caldera Construction Sdn. Bhd. is a company owned by the son-in-law of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.

Sales of properties

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

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

34. RELATED PARTIES (CONTINUED)

(c) Compensation of key management personnel

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
<b>Executive:</b>				
Salaries and other emoluments	8,755,932	8,080,960	-	-
Employees Provident Fund	1,535,400	1,535,382	-	-
Total executive directors' remuneration (excluding benefits-in-kind) (Note 28)	10,291,332	9,616,342	-	-
Estimated monetary value of benefits-in-kind	67,100	-	-	-
Total executive directors' remuneration (including benefits-in-kind)	10,358,432	9,616,342	-	-
<b>Non-executive:</b>				
Fees	152,830	152,830	152,830	152,830
Other emoluments	161,208	161,208	161,208	161,208
Total non-executive directors' emoluments	314,038	314,038	314,038	314,038
	10,672,470	9,930,380	314,038	314,038

35. 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 2019 and 31 December 2018.

### 35. CAPITAL MANAGEMENT (CONTINUED)

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 2019 and 31 December 2018 are as follows:

		<b>Group</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>RM</b>	<b>RM</b>
Loans and borrowings	<b>20</b>	639,689,339	770,659,616
Lease liabilities	<b>21</b>	92,039,125	-
Trade and other payables	<b>23</b>	256,985,153	283,890,239
Total debts		988,713,617	1,054,549,855
Total equity		1,172,653,038	909,614,412
Gearing ratio		84%	116%

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

### 36. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

#### Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The emergence of the Covid-19 outbreak since mid-March 2020 has brought significant economic uncertainties in Malaysia.

For the Group's and the Company's financial statements for the financial year ended 31 December 2019, the Covid-19 outbreak and the related impacts are considered non-adjusting events in accordance with MFRS 110 *Events after the Reporting Period*. Consequently, there is no impact on the recognition and measurement of assets and liabilities as at 31 December 2019.

The Group and the Company are unable to reasonably estimate the financial impact of Covid-19 for the financial year ending 31 December 2020 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. It is however certain that the containment measures against the spread of the Covid-19 will have adverse effects on the Group's revenue, operations and supply chains. The Group and the Company will continuously monitor the impact of Covid-19 on its operations and its financial performance. The Group and the Company will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's operations.

### 37. COMPARATIVE FIGURES

In the previous financial year, rental income from machineries was included in other income. During the current financial year, the nature of this income was reassessed and reclassified as revenue. Accordingly, the comparative figures have been reclassified to conform with the current financial year's presentation.

Details of these reclassifications are as follows:

	As previously reported RM	Reclassification RM	As reclassified RM
<b>2018</b>			
<b>Statement of Comprehensive Income</b>			
Revenue	354,024,374	5,435,882	359,460,256
Other income	23,861,399	(5,435,882)	18,425,517

### 38. 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.

38. SEGMENT INFORMATION (CONTINUED)

	Property development		Hotel and hospitality		Adjustment and elimination		Notes	Per consolidated financial statements	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM		2019 RM	2018 RM
<b>Revenue:</b>									
External customers	310,729,571	297,642,700	55,279,057	61,817,556	-	-		366,008,628	359,460,256
Inter-segment	-	-	-	-	-	-	<b>A</b>	-	-
	<b>310,729,571</b>	<b>297,642,700</b>	<b>55,279,057</b>	<b>61,817,556</b>	<b>-</b>	<b>-</b>		<b>366,008,628</b>	<b>359,460,256</b>
<b>Results:</b>									
Interest income	1,189,696	276,537	400,648	414,168	(400,648)	(414,168)	<b>B</b>	1,189,696	276,537
Depreciation	10,684,532	9,599,830	13,232,808	7,811,356	-	-		23,917,340	17,411,186
Finance costs	42,359,016	44,951,099	3,019,689	1,118,104	-	-	<b>B</b>	45,378,705	46,069,203
Other non-cash expenses/(income)	7,925,000	1,094,511	5,275,231	476,917	-	-	<b>C</b>	13,200,231	1,571,428
Segment profit	<b>55,375,206</b>	<b>24,378,895</b>	<b>4,555,294</b>	<b>1,982,458</b>	<b>-</b>	<b>-</b>		<b>59,930,500</b>	<b>26,361,353</b>
<b>Assets:</b>									
Additions to non-current assets other than financial instruments and deferred tax assets	251,937,431	60,644,293	1,770	2,398,924	-	-	<b>D</b>	251,939,201	63,043,217
Segment assets	<b>2,125,513,359</b>	<b>2,016,089,573</b>	<b>207,399,680</b>	<b>199,619,212</b>	<b>-</b>	<b>-</b>		<b>2,332,913,039</b>	<b>2,215,708,785</b>
<b>Liabilities:</b>									
Segment total liabilities	<b>1,092,567,541</b>	<b>1,270,505,892</b>	<b>67,692,460</b>	<b>35,588,481</b>	<b>-</b>	<b>-</b>		<b>1,160,260,001</b>	<b>1,306,094,373</b>

**38. SEGMENT INFORMATION (CONTINUED)**

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

**A** Inter-segment revenues are eliminated on consolidation.

**B** The following item is deducted from segment interest income/finance costs to arrive at “Interest income/Finance costs” presented in the notes to the financial statements:

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Inter-segment interest	400,648	414,168

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

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Property, plant and equipment written off	162,486	87,512
Impairment losses on property, plant and equipment	455,338	-
Impairment losses on right-of-use assets	640,443	-
Impairment loss on trade and other receivables	12,605,961	4,001,562
Provision for rectification works	674,122	584,186
Reversal of impairment loss on trade and other receivables	(1,338,119)	(3,101,832)
	<u>13,200,231</u>	<u>1,571,428</u>

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

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Inventories- properties held for development	12,118,794	9,732,879
Property, plant and equipment	898,261	3,649,458
Right-of-use assets	12,864,580	-
Investment properties	30,896	1,669,080
Deposits for joint venture and turnkey contracts	226,026,670	47,991,800
	<u>251,939,201</u>	<u>63,043,217</u>

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.

**Registration No. 200101026228 (561986 – V)**

**YNH PROPERTY BHD.**  
(Incorporated in Malaysia)

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

We, **DATO' DR. YU KUAN CHON, DIMP, PPT, MBBS** and **DATO' YU KUAN HUAT, DPMP, PMP, AMP, PPT**, being two of the directors of YNH PROPERTY BHD., do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 41 to 141 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 2019 and of their financial performance and cash flows for the financial year then ended.

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

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

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

Sitiawan

Date: 29 June 2020

**Registration No. 200101026228 (561986 – V)**

**YNH PROPERTY BHD.**  
(Incorporated in Malaysia)

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

I, **DATO' DR. YU KUAN CHON, DIMP, PPT, MBBS**, being the director primarily responsible for the financial management of YNH PROPERTY BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 41 to 141 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 Sitiawan in the State of Perak Darul Ridzuan on 29 June 2020.

Before me,

**KOH ENG BING (A098)**  
Pesuruhanjaya Sumpah  
Commissioner for Oaths



**Registration No. 200101026228 (561986 – V)**

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

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of YNH Property Bhd., which comprise the statements of financial position as at 31 December 2019 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 41 to 141.

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 2019, 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 for 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.

## Key Audit Matters (Continued)

### Group

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#### **Right-of-use assets and lease liabilities (Notes 4(a), 6 and 21 to the financial statements)**

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During the financial year, the Group has adopted MFRS 16 *Leases* and recognised right-of-use assets, impairment on right-of-use assets and lease liabilities on the date of initial application. We focused on this area because the measurement of the right-of-use assets, lease liabilities and impairment loss required the exercise of significant judgements and estimates by the directors in determining the lease term, incremental borrowing rate, cash flow projections and the discount rate applied in the recoverable amount calculation.

#### **Our audit response:**

Our audit procedures included, among others:

- evaluating the Group's assessment on the MFRS 16 impact arising from initial application;
- reading the salient terms of the tenancy agreements;
- obtaining an understanding on the judgement and estimates made by the Group on key inputs in the computation of right-of-use assets, lease liabilities and impairment loss;
- comparing the actual results with previous budget to assess the performance of the business; and
- testing the mathematical accuracy of the computation of the right-of-use assets, lease liabilities and impairment loss on right-of-use assets.

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#### **Goodwill on consolidation (Notes 4(b) and 9 to the financial statements)**

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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.

## Key Audit Matters (Continued)

### Group (Continued)

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#### **Revenue and expenses recognition for property development activities (Notes 4(c), 24 and 25 to the financial statements)**

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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.

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#### **Funding requirements and ability to meet short-term obligations (Note 32(b)(ii) to the financial statements)**

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As at 31 December 2019, included in the Group's current liabilities are short-term payables and accruals of RM256,985,153 and short-term borrowings (including lease liabilities) of RM402,655,290. We focused 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 RM158,907,299.

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

#### **Our response:**

Our audit procedures included, among others:

- assessing the cash flow forecast over the next 12 months;
- comparing the 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.

## **Key Audit Matters (Continued)**

### **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.

## **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.

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial 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.

**Registration No. 200101026228 (561986 – V)**

**Other Matter**

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  
201906000600 (LLP0019411-LCA) & AF 0117  
Chartered Accountants

Lee Kong Weng  
No. 02967/07/2021 J  
Chartered Accountant

Kuala Lumpur

Date: 29 June 2020

**LIST OF PROPERTIES**

Location	Description Property	Remaining Land Area @ 31.12.19 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.19 (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)	2,199,000	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)	32,613,000	2016 *
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)	1,967,000	2014
PT913, Mukim Sungai Buluh, Daerah Petaling, Selangor	Property, plant and equipment	0.88	Ready mixed site	Leasehold (1.3.2114)	4,415,000	2014
PT914, Mukim Sungai Buluh, Daerah Petaling, Selangor	Property, plant and equipment	0.82	Ready mixed site	Leasehold (1.3.2114)	4,112,000	2014
PT2176, Mukim Sungai Buluh, Daerah Petaling, Selangor	Property, plant and equipment	0.51	Ready mixed site	Leasehold (8.9.2054)	2,575,000	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	5,786,000	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	11,720,000	2001
PT2796, PT2797, part PT2798, (Carefour land), part PT2799 (Carefour land), Mukim Lumut, Perak	Vacant land approved for development	37.96	Proposed commercial development	Freehold	8,059,000	2001

\* Year of Acquisition

**LIST OF PROPERTIES** (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.19 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.19 (RM)	Year of Acquisition/ Last Revaluation
Entry No.1577 Lot 712 Mukim Lumut, Perak	Planted with oil palm tree and approved for development	-	Proposed mixed development – commercial and residential	Freehold	468,000	2001
Entry No. 1380 Lot 1387 Mukim Lumut, Perak		4.78		Freehold		
HS (D) Dgs 1203/78 Lot 2740 Mukim Pengkalan Bharu, Perak	Planted with oil palm tree and approved for development	9.60	Taman Suria, Pantai Remis – commercial and residential	Freehold	1,438,000	2001
HS (D) Dgs 1204/78 Lot 2741 Mukim Pengkalan Bharu, Perak				Freehold		
Geran 36493, Lot 495 & Geran 36944, Lot 496, Town of Lumut, Daerah Manjung, Perak	Vacant Land and approved for development	0.70	Proposed mixed development – commercial and residential	Freehold	1,230,000	2001
CT 17320 Lot 117 Town of Lumut, Perak	Vacant Land and approved for development	0.83	Proposed mixed development – commercial and residential	Freehold	541,000	2001
EMR 379 Lot 380 Mukim Pengkalan Bharu, Perak	Vacant Land and approved for development	1.37	Proposed mixed development	Freehold	357,000	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 @ 31.12.19 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.19 (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	862,000	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	Vacant Land and approved for development	23.87	Taman Limbungan, Kg. Aceh, Sitiawan – commercial and residential	Freehold	5,947,000	2001
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						
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 @ 31.12.19 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.19 (RM)	Year of Acquisition/ Last Revaluation
EMR 9488 Lot 9187 Mukim Sitiawan, Perak	Vacant Land and approved for development	0.51	Proposed mixed development – commercial and residential	Freehold	63,000	2001
HS (M) 1528 PT1728 Mukim Sitiawan, Perak	Vacant Land and approved for development				49,000	2001
PT22973-PT22975, Bandar Baru, Sri Manjung, Perak - Commercial Complex	Vacant Land and approved for development	0.38	Commercial Land, Jalan Lumut, Sri Manjung	99 years (25.2.2101)	602,000	2001
- Shops unit		0.08	Commercial	99 years (25.2.2101)		
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	2,595,000	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	485,000	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	37.88	Proposed mixed development – commercial and residential	Freehold	1,445,000	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 @ 31.12.19 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.19 (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)	4,802,000	2001
Lot 803, EMR1616, Mukim Sitiawan, Daerah Manjung, Perak	Vacant Land and approved for development	2.97	Proposed mixed development	Freehold	1,276,000	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	23,115,000	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	891,000	2008 *

\* Year of Acquisition

**LIST OF PROPERTIES** (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.19 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.19 (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	18,880,000	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)	6,053,000	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)	5,898,000	2008 *
Lot 29760 & 29761, Mukim Sungai Terap, Daerah Kinta, Perak	Vacant land approved for development	36.00	Proposed mixed development	Leasehold (25.11.2101)	5,789,000	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	174,000	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 @ 31.12.19 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.19 (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	35,626,000	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	430,000	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	294,000	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	2,997,000	2013 *
Lot 549, Mukim Kamunting, Daerah Larut & Matang, Perak	Vacant land	48.00	Vacant land	Freehold	11,536,000	2013 *

\* Year of Acquisition

**LIST OF PROPERTIES** (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.19 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.19 (RM)	Year of Acquisition/ Last Revaluation
PT2800, PT2801, PT2802 (New - Lot 9907, 9908, 9909) (8.33 commercial area and Plot 1-132 residential), Perak	Vacant land	12.90	Manjung point Township	Freehold	3,119,000	2001
Lot 1.88, Mukim Kampar, Perak	Vacant land	1.88	Vacant land	Leasehold (6.12.2111)	420,000	2013 *
PT320-PT331, Daerah Petaling, Selangor	Vacant land	1.57	Mixed development	Freehold	14,969,000	2013 *
Lot 2569, Mukim Sitiawan, Daerah Manjung, Perak	Vacant land	1.98	Mixed development	Freehold	5,492,000	2014
Lot 730, Mukim Sitiawan, Daerah Manjung, Perak	Vacant land	5.47	Mixed development	Freehold	2,636,000	2014
Lot 14825 & Lot 14826, Mukim Sitiawan, Daerah Manjung, Perak	Vacant land	8.13	Mixed development	Freehold	9,400,000	2014
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	1,394,000	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	28,631,000	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 @ 31.12.19 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.19 (RM)	Year of Acquisition/ Last Revaluation
Lot 4818 (behind office land - 24 shops land), Perak	Development properties	1.18	Proposed development of commercial units	Leasehold (19.5.2091)	438,000	-
Lot 4818 (behind office land - 12 units 2 1/1 house vacant plots)	Development properties		Proposed development of commercial units			2001
Lot 4818 (behind office land - LVS car park & vacant land, PT10411), Perak	Development properties		Proposed development of commercial units (Taman Samudera)			2001
Lot 44, Mukim of Sitiawan Perak	Development properties	0.37	Commercial development - Medan Sitiawan	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	160,635,000	2008 *
PT 2818, PT2819, PT2803, PT 2804 & PT 2805 (Jusco shops Phase I, II & IIA), Mukim Lumut, Daerah Manjung, Perak	Development properties	27.77	Pusat Perniagaan Manjung Point Seksyen 3	Freehold	741,000	2001
Lot 9910, Plot 35-Plot 96, PPMP 2, Mukim Lumut, Daerah Manjung, Perak	Development properties	2.19	Pusat Perniagaan Manjung Point Seksyen 2	Freehold	6,307,000	2001 *

\* Year of Acquisition

**LIST OF PROPERTIES** (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.19 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.19 (RM)	Year of Acquisition/ Last Revaluation
Geran 7585 Lot 16050 Mukim Sitiawan, Perak	Planted with palm oil and approved for development	-	Taman Sejati III, Sitiawan, commercial and residential	Freehold	709,000	2001
Lot 3336, Mukim Pengkalan Baharu, Perak	Development properties	2.85	Taman Bintang	Freehold	1,442,000	-
Lot 1616, Mukim Pengkalan Baharu, Perak	Development properties	7.61	Mixed development - Taman Pancur Damai	Freehold	133,000	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 42693, Mukim Sitiawan	Development properties	0.32	Commercial units	Freehold	60,000	2012
Lot 6505, Mukim Lumut, Daerah Manjung	Development properties	-	Commercial units	Freehold	-	2015
Lot 6507, Mukim Lumut, Daerah Manjung	Development properties	-	Commercial units	Freehold	-	2015
HS (D) Dgs 11772 PT 8073 Mukim Lumut, Perak	Development properties	6.93	Manjung Point Sekyen II	Freehold	859,000	2001 *
PT 28552, Mukim Sitiawan, Perak	Vacant land	0.39	Mix development	Leasehold (27.1.2103)	787,000	2001*
Lot 4753, Mukim Batu, Daerah Kuala Lumpur	Joint development properties	5.14	Proposed high rise condominium	Freehold	21,356,000	-
<b>INVESTMENT PROPERTIES</b>						
PT 6706-6724, Daerah Manjung (Fasa 2B), Perak	Investment property	0.70	Shop houses	Leasehold land (expired 29.8.2081)	2,412,000	2001 *
Lot 1077, Geran 11310, Section 57, Kuala Lumpur	Investment property - Proposed Menara YNH	3.00	Vacant Land	Freehold	108,077,000	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	2,709,000	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	2,690,000	2001

\* Year of Acquisition



**LIST OF PROPERTIES** (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.19 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.19 (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	1,594,000	2001 *
Hawker center, Taman Samudera, Seri Manjung, Perak	Investment property - Hawker center	N/A	Hawker center building	N/A	445,000	2009 *
Lot 382868 (old PT12710), Mukim Hulu Kinta, Daerah Kinta, Perak	Investment property - Hotel	1.40	Vacant land	Leasehold (24.7.2105)	874,000	2008
PT357017, Mukim Hulu Kinta, Daerah Kinta, Perak	Investment property - Hotel	1.00	Vacant land	Leasehold (4.6.2103)	2,291,000	2008
PT 15074, Mukim Lumut, Daerah Manjung	Investment property - AEON Shopping Mall	30.25	AEON Shopping Complex	Freehold	136,540,000	2015
Lot 163, Jln Perak, Kuala Lumpur (Level 3, 4, 9, 12, 13)	Investment property Hotel	0.90	Fraser Place Kuala Lumpur	Freehold	40,568,000	2015
Lot 15010 (Part Lot 2793, part 2794), Mukim Lumut, Daerah Manjung	Investment property - City Harbour International School	15.00	International School	Freehold	18,238,000	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	848,000	2001
PT 14646, Mukim Lumut, Daerah Manjung (Bowling Centre)	Investment property Bowling Centre and Event Hall	10.35	Investment property Bowling Centre and Event Hall	Freehold	7,821,000	-

**JOINT DEVELOPMENT PROPERTIES**

Lot 449, Mukim Batu, Tempat Segambut, Daerah Kuala Lumpur	Joint development properties	5.07	Proposed high rise condominium	Freehold	377,000	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

\* Year of Acquisition

**LIST OF PROPERTIES** (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.19 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.19 (RM)	Year of Acquisition/ Last Revaluation
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
Lot 16061, Mukim Sitiawan, Daerah Manjung, Perak	Joint development properties	8.94	Mixed development	Freehold	13,000	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	210,000	N/A
<b>GRAND TOTAL</b>		<b>1,283.41</b>			<b>982,947,000</b>	

**STATEMENT OF SHAREHOLDINGS** as at 15 June 2020

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	4,276	56.42	167,258	0.03
100 – 1,000	1,942	25.62	479,375	0.09
1,001 – 10,000	788	10.40	2,592,998	0.49
10,001 – 100,000	259	3.42	8,343,276	1.58
100,001 – 26,424,352 (*)	313	4.13	466,824,977	88.33
26,424,353 and above (**)	1	0.01	50,079,183	9.48
<b>TOTAL</b>	<b>7,579</b>	<b>100.00</b>	<b>528,487,067</b>	<b>100.00</b>

Note: \* - Less than 5% of issued holdings  
 \*\* - 5% and above of issued holdings

**SUBSTANTIAL SHAREHOLDERS AS AT 15 June 2020**

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	128,982,770	24.41	43,180,507	8.17	172,163,277	32.58
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	23,656,810	4.48	131,402,938	24.86	155,059,748	29.34

**STATEMENT OF SHAREHOLDINGS** as at 15 June 2020

(cont'd)

**DIRECTORS' INTERESTS AS AT 15 June 2020**

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	128,982,770	24.41	43,180,507	8.17	172,163,277	32.58
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	23,656,810	4.48	131,402,938	24.86	155,059,748	29.34
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	613,123	0.12	-	-	613,123	0.12
Ching Nye Mi @ Chieng Ngie Chay	7,231,628	1.37	28	0.00	7,231,628	1.37
Ding Ming Hea	383,640	0.07	-	-	383,640	0.07

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 15 June 2020**

Name of Holder	Holdings	%
1. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR KENANGA INVESTORS BHD	50,079,183	9.48
2. CGS-CIMB NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	25,562,096	4.84
3. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	19,847,189	3.76
4. RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR YU KUAN CHON	18,000,000	3.41
5. AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD (HEDGING)	17,772,261	3.36
6. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON	16,242,854	3.07
7. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IRAMA GIGIH SDN BHD	15,026,430	2.84
8. MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON (01-00868-000)	13,078,000	2.47
9. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR YU KUAN CHON (PBCL-0G0311)	10,500,000	1.99

**STATEMENT OF SHAREHOLDINGS** as at 15 June 2020

(cont'd)

**LIST OF TOP THIRTY HOLDERS AS AT 15 June 2020** (cont'd)

Name of Holder	Holdings	%
10. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR YU KUAN CHON (PB)	9,093,530	1.72
11. TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON	8,750,417	1.66
12. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YU KUAN HUAT	7,247,140	1.37
13. AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON	7,000,000	1.32
14. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON	6,933,286	1.31
15. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NG PAIK PHENG (PBCL-0G0119)	6,929,064	1.31
16. RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM LEONG WOUH	6,145,438	1.16
17. RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YU KUAN HUAT	5,874,094	1.11
18. UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON	5,404,971	1.02
19. HSBC NOMINEES (ASING) SDN BHD BPSS LUX FOR ABERDEEN STANDARD SICAV I - ASIAN SMALLER COMPANIES FUND	5,225,966	0.99
20. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN WENG FUI	4,987,939	0.94
21. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON	4,896,371	0.93
22. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON (CEB)	4,710,638	0.89
23. SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KINGTON TONG KUM LOONG (SMT)	4,700,000	0.89
24. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HO SWEE MING	4,473,085	0.85
25. CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	4,424,693	0.84
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)	4,300,238	0.81
28. HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON	4,049,355	0.77
29. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW KOK TZE	3,939,061	0.75
30. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHING NYE MI @ CHIENG NGIE CHAY	3,925,586	0.74
<b>TOTAL</b>	<b>303,506,885</b>	<b>57.43</b>

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## 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 Eighteenth Annual General Meeting of the Company to be held on 28 September 2020 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Business		For	Against
1. The declaration of Final Dividend	Resolution 1		
2. The payment of Directors' Fees	Resolution 2		
3. The payment of Directors' Benefits	Resolution 3		
4. The re-election of Directors: Dato' Robert Lim @ Lim Git Hooi, DPMP, JP Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	Resolution 4 Resolution 5		
5. The re-appointment of Auditors and their remuneration	Resolution 6		
<b>Special Business</b>			
6. Retention of Independent Non-Executive Directors: Dato' Robert Lim @ Lim Git Hooi, DPMP, JP Ching Nye Mi @ Chieng Ngie Chay Ding Ming Hea	Resolution 7 Resolution 8 Resolution 9		
7. Proposed Renewal of Share Buy Back Authority	Resolution 10		
8. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature	Resolution 11		

Please indicate with (✓) how you wish your vote to be cast.

No. of shares held	
CDS Account No.	

Date: \_\_\_\_\_  
 \_\_\_\_\_  
 Signature of Shareholder

**NOTE:**

- 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.
- 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.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- Where a member 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.
- The instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, 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.
- Depositors who appear in the Record of Depositors as at 18 September 2020 shall be regarded as Member of the Company entitled to attend the Eighteenth 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.





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80 Sen Stamp  
(within Malaysia)

The Share Registrar

**YNH Property Bhd**

Registration No. 200101026228 (561986-V)

11th Floor, Menara Symphony  
No. 5, Jalan Professor Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

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**YNH PROPERTY BHD**

Registration No.: 200101026228 (561986-V)

*(Incorporated in Malaysia)*

No. 188, Jalan PPMP 3/3, Pusat Perniagaan Manjung Point 3, 32040 Seri Manjung, Perak Darul Ridzuan, Malaysia.

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