# Annual Report 2020

YNH

# YNH PROPERTY BHD

Registration No.: 200101026228 (561986-V)

# CONTENTS

# 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
Ding Ming Hea
*(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
Ding Ming Hea
*(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)

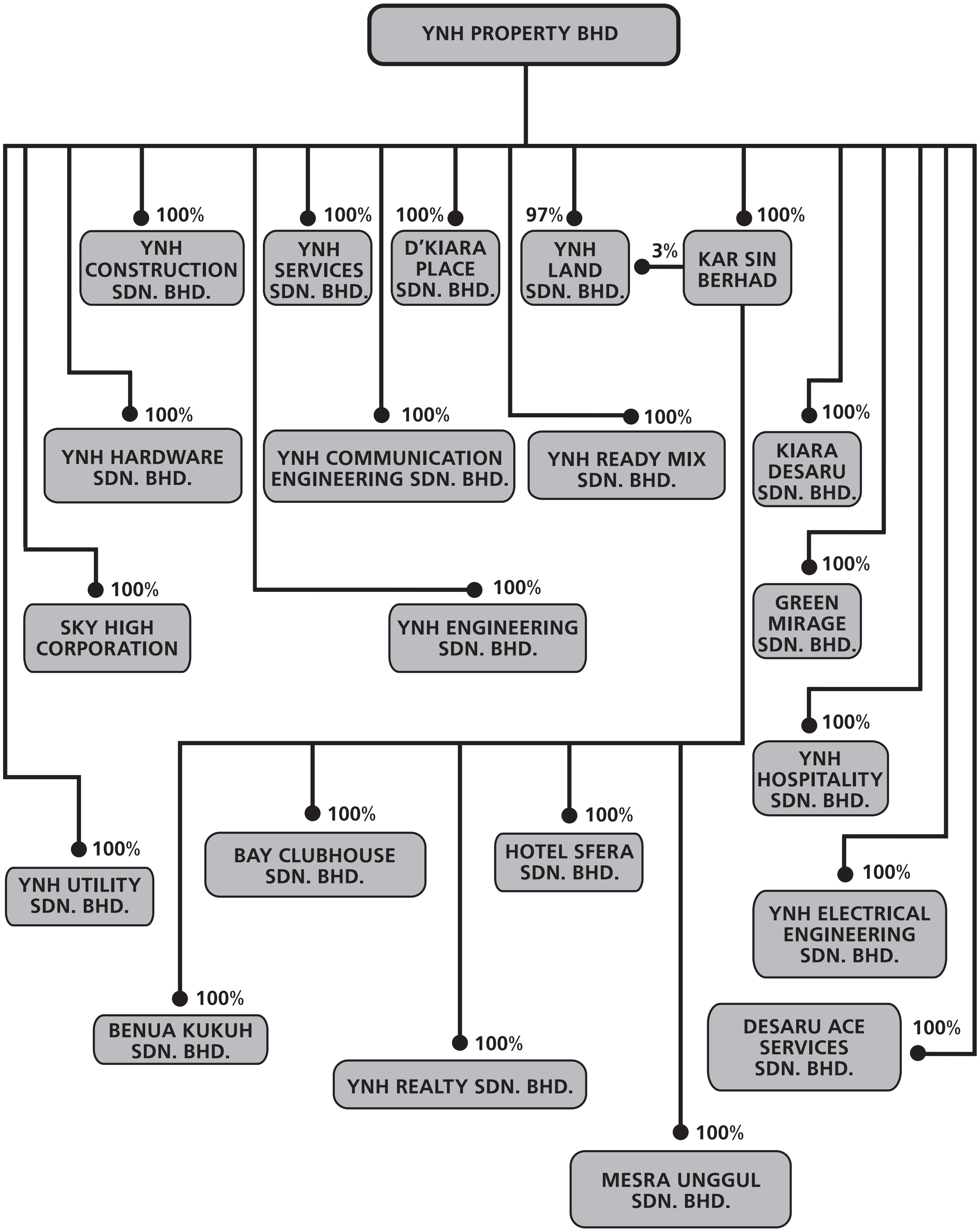
**Sales Office – Ipoh**
10, Jalan Medan Ipoh 3
Bandar Medan Ipoh Baru
31400 Ipoh
Perak Darul Ridzuan, Malaysia
Telephone No.: 05-5451945
Fax No.: 05-5451945

**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
59 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 all four (4) Board of Directors' Meetings held during the financial year ended 31 December 2020.

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

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

**DATO' YU KUAN HUAT**, DPMP, PMP, AMP, PPT
63 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 four (4) Board of Directors' Meetings held during the financial year ended 31 December 2020.

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

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

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

**DATO' ROBERT LIM @ LIM GIT HOOI**, DPMP, JP
82 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 was appointed as an Independent and Non-Executive Director of Rapid Synergy Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad on 10 September 2020. He has retired as an Independent and Non-Executive Director on the Board of Gopeng Berhad on 30 April 2021. He also holds directorships in several other private limited companies.

He has attended all four (4) Board of Directors' Meetings held during the financial year ended 31 December 2020.

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

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

**CHING NYE MI @ CHIENG NGIE CHAY**
74 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 four (4) Board of Directors' Meetings held during the financial year ended 31 December 2020 .

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**
57 years of age
Malaysian, Male
*Independent and Non-Executive Director*
*Member, Audit Committee*
*Member, ESOS Committee*
*Member, Nominating Committee*
*Member, Remuneration 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 four (4) Board of Directors' Meetings held during the financial year ended 31 December 2020.

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 63

(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 59

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

# FINANCIAL HIGHLIGHTS

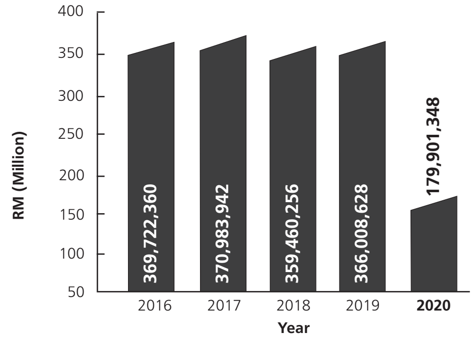
## FIVE YEARS FINANCIAL HIGHLIGHTS

| | 2016* | 2017# | 2018# | 2019# | 2020 |
|---|---|---|---|---|---|
| Revenue (RM) | 369,722,360 | 370,983,942 | 359,460,256 | 366,008,628 | 179,901,348 |
| Profit before tax (RM) | 52,365,354 | 64,808,836 | 26,361,353 | 59,930,500 | 16,942,162 |
| Earnings (Loss) per share (Basic) - Sen | 7.52 | 8.24 | 2.97 | 6.41 | (2.61) |
| Total assets (RM) | 2,061,934,117 | 2,115,947,793 | 2,215,708,785 | 2,332,913,039 | 2,479,664,978 |
| Dividend pay out (RM) | 70,212,043 | NIL | 9,638,402 | NIL | 13,212,194 |

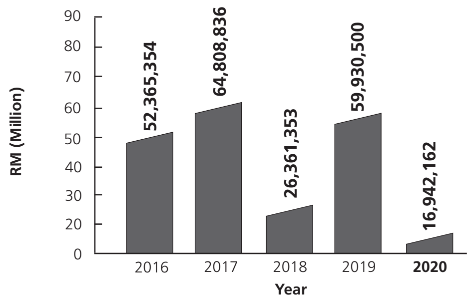
* Based on financial statements prepared in accordance with the Financial Reporting Standards in Malaysia.

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

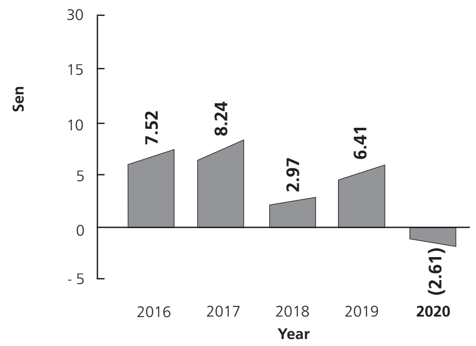
## Revenue



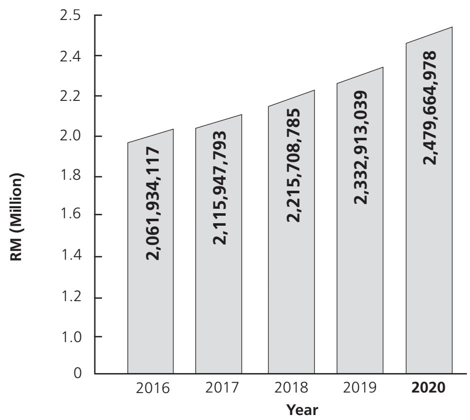

## Profit before tax



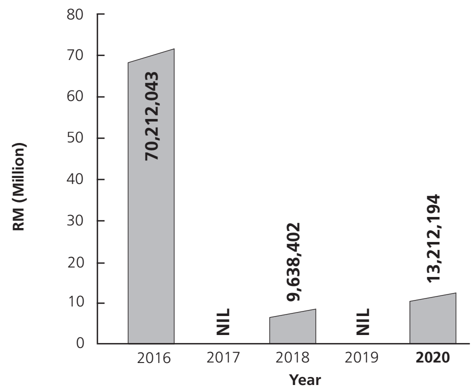

## Earnings per share (Basic)




## Total assets




## Dividend pay out



# CHAIRMAN'S STATEMENT

**Dear Valued Shareholders,**

On behalf of the Board of Directors of YNH Property Bhd ("YNH"), it is my honour to present to you the Annual Report and Audited Consolidated Financial Statements of the Company and its subsidiaries ("Group") for the financial year ended 31 December 2020.

Financial Year ("FY") 2020 was an unprecedented year. The challenges and uncertainties arising from the COVID-19 pandemic has affected businesses in every part of the world. Locally, the Malaysian Government implemented the Movement Control Order ("MCO") commencing 18 March 2020 as a measure to control the spread of the COVID-19 virus.

The temporary suspension of operations from the MCO has caused delays to both our ongoing projects and planning of upcoming projects. As a result, the Group recorded lower contribution of profit from projects. The Group's FY2020 revenue was lower at RM179.90 million compared to previous year while profit before taxation was at RM16.94 million.

In the second half of FY2020, The Malaysian government unveiled a total of RM305 billion fiscal stimulus package to stimulate the economy from the impact of the COVID-19 pandemic, while interest rates has been lowered to historical lows.

During the year, YNH has continued to rely on ongoing township development in Manjung District, Perak for stable revenue contribution, while The OOAK serviced apartments and The OOAK Suites of Kiara 163 also contributed to our earnings.

**Kiara 163, Mont Kiara**

The 6-acre 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, Small Office Versatile Office ("SOVO") tower, while Phase 2 consists of The OOAK serviced apartments and The OOAK 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, 163 Retail Park had achieved occupancy of more than 90%. Being one of the main attraction of the development, 163 Retail Park will allow residents and tenants to have 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 OOAK serviced apartments and The OOAK Suites. Sales of The OOAK serviced apartments and The OOAK Suites had reached 80%. Barring any unforeseen circumstances, Phase 2 of Kiara 163 will complete by 3rd Quarter of 2021.

**Solasta Dutamas**

Our latest project slated for launch in 2021, the 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 Highland 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 Highland 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.

The 1st phase of the proposed development is a 35 storey serviced apartment building consisting of 908 units. The proposed phase 1 will have an estimated GDV of about RM700 million. Phase 1 of Genting Highlands Development is in its final stages of planning, and we are targeting to launch the project in year 2022, subject to the prevailing market conditions.

**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 Shopping Centre 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 project in Perak include, Pusat Perniagaan Manjung Point 2 and Pantai Remis Taman Bintang projects.

**Outlook**

The local and global economic climate remains challenging, as the world continues to adept and contain 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, YNH 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 vaccination against the COVID-19. 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, will be launched by 2nd half of 2021, subject to the prevailing market conditions.

The group is also currently in the midst of restructuring its balance sheet, and continues to explore ways to unlock the value of its assets.The Group is in the process of disposing a few parcels of land with the condition that the offer price meets the expectation of our Board of Directors.

**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 2020, 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, Pagsapuri Samudera 1, Sfera Residensi and progressive profit recognition at Kiara 163 Phase 2, Pusat Perniagaan Manjung Point 2 and Pantai Remis Taman Bintang 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 2021.

The Board is optimistic of our Kiara 163 Phase 2, The OOAK serviced apartments and The OOAK Suites, with a balance GDV totalling approximately RM219 million, will contribute positively to the Group's earnings in 2021.

The Kiara 163 Retail Park which commenced operation 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 we observed that the business of the mall recovered better than expectations in the 2nd half of 2020, while maintaining the occupancy rate above 90%. Going forward, the Management is confident that the Mall will continue to perform well.

Barring any unforeseen circumstances, the Group will launch Solasta Dutamas, in the second half of 2021. Solasta Dutamas has a GDV of approximately RM720 million, and is expected to contribute positively to the Group's earnings for the next 3 years.

The Board is optimistic of Solasta Dutamas. The Group has already done a soft launch and have received bookings of close to 55 – 60% for the 1st two blocks of the development. The strategic location and attractive price point being one of the reasons for this good response from purchasers.

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

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

The Group is making preparations for the launch of the 1st phase of the Project in Genting Highland, which has a GDV of RM700 million, planned for launch after the Solasta Dutamas Project. The 1st Phase will occupy approximately 5 acres of the 95 acres land bank in Genting highland. We are currently in negotiations with potential joint venture partners, local and foreign parties to add value to the development.

Last but not least, a prestigious project planned for the future by the Company is the Menara YNH development. The commercial development sits on approximately 3 acres of land on Jalan Sultan Ismail, which is located within the Golden Triangle area of Kuala Lumpur city centre. The location of Menara YNH offers easy accessibility and close proximity to public transport facilities. This development has an internal targeted GDV of approximately RM4 billion.

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("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 Malaysian Code on Corporate Governance ("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 Code pursuant to Paragraph 15.25 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (the Main Market Listing Requirements). 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. Four (4) Board Meetings were held during the financial year ended 31 December 2020. Details of the attendance of the directors at the Board Meetings are presented in the Statement Accompanying the Notice of the Nineteenth 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.

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 three members all of whom are Independent Non-Executive Directors as follows:

| | | |
|---|---|---|
| Chairman | : | Dato' Robert Lim @ Lim Git Hooi, DPMP, JP<br>*(Senior Independent Non-Executive Director)* |
| Member | : | Ching Nye Mi @ Chieng Ngie Chay<br>*(Independent Non-Executive Director)* |
| | | Ding Ming Hea<br>*(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 four members, the majority of whom are Independent Non-Executive Directors as follows:

| | | |
|---|---|---|
| Chairman | : | Dato' Robert Lim @ Lim Git Hooi, DPMP, JP<br>*(Senior Independent Non-Executive Director)* |
| Members | : | Ching Nye Mi @ Chieng Ngie Chay<br>*(Independent Non-Executive Director)* |
| | | Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT<br>*(Managing Director)* |
| | | Ding Ming Hea<br>*(Independent Non-Executive 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 2020 are as follows:

| The Company | Salary & Bonus RM'000 | Fees RM'000 | Allowance RM'000 | Benefits-in-kind RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Executive Directors** | | | | | |
| Dato' Dr. Yu Kuan Chon | - | - | - | - | - |
| Dato' Yu Kuan Huat | - | - | - | - | - |
| **Non-Executive Directors** | | | | | |
| Dato' Robert Lim @ Lim Git Hooi | - | 57 | 62 | - | 119 |
| Ching Nye Mi @ Chieng Ngie Chay | - | 48 | 44 | - | 92 |
| Ding Ming Hea | - | 48 | 44 | - | 92 |
| **Total** | **-** | **153** | **150** | **-** | **303** |

| The Group | Salary & Bonus RM'000 | Fees RM'000 | Allowance RM'000 | Benefits-in-kind RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Executive Directors** | | | | | |
| Dato' Dr. Yu Kuan Chon | 5,049 | - | - | - | 5,049 |
| Dato' Yu Kuan Huat | 5,049 | - | - | 24 | 5,073 |
| **Non-Executive Directors** | | | | | |
| Dato' Robert Lim @Lim Git Hooi | - | - | - | - | - |
| Ching Nye Mi @ Chieng Ngie Chay | - | - | - | - | - |
| Ding Ming Hea | - | - | - | - | - |
| **Total** | **10,098** | **-** | **-** | **24** | **10,122** |

# 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 Constitution 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) 2020 Budget.
b) Practical Beneficial Ownership Reporting of Legal Persons.
c) Proposed Companies (Amendment) Bill 2020.

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 18 May 2021.

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

# SUSTAINABILITY STATEMENT

## Sustainability Reporting

The Board of Directors "Board" of YNH Property Bhd "YNHP" is pleased to present our Group Sustainability Statement for year 2020, 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 | • Approve and monitor the development of corporate sustainability strategy, policies and business performance. |
| Executive Directors | • Control and provide the overall direction, make decision and drive the execution for all sustainability matters. |
| Senior Management Team | • Manage the implementation of the sustainability strategies and policies within the respective department.<br>• 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.<br>• Identify, assess, evaluate, manage and report material sustainability risks and opportunities relevant to the Group's operations for approval.<br>• Facilitate the sustainability disclosures as required by laws and regulations and subsequently recommend for approval. |

The implementation of our strategies on sustainability is available at the Company's website at 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 | • Management Meetings<br>• Internal communications<br>• Apprenticeship Programme<br>• Internal/External training<br>• Employee recreation<br>• Performance appraisals | • Work performance<br>• Knowledge, skills and future prospect enhancement<br>• Team work<br>• Safety facility and working environment<br>• Staff welfare | • Suggestions on areas for improvement<br>• Annual performance review<br>• Career enhancement through trainings<br>• Appreciation lunch/ dinner gathering<br>• Sport Club |
| Customers | • Meetings<br>• Advertisements and marketing team<br>• Social media networks<br>• Sales brochures<br>• Company's website<br>• Customer complain response department | • Product design and features<br>• Price competitiveness<br>• Quality products to match value for money<br>• Customer satisfaction on the products and services delivered | • Quality and Environmental Systems through ISO 9001:2015 and ISO 14001:2015<br>• On time delivery<br>• Responsive support team |
| Contractors and Suppliers | • Consultant/Contractors meetings<br>• Contract negotiation<br>• Tender process<br>• Site inspection<br>• Regular engagement with suppliers<br>• Supplier assessment | • Transparent procurement practices<br>• Health, safety and environment compliance<br>• Timely completion and delivery<br>• Payment schedule<br>• Pricing | • Continuous sourcing<br>• Procurement and supply chain management<br>• Attending Trade Fair |
| Shareholders/ Investors | • Company's website<br>• Bursa announcement<br>• Quarterly Financial reporting<br>• Annual Report<br>• Annual General Meeting | • Financial and operational performance<br>• Sustainability business growth<br>• Enhancing shareholders' value | • Responsible reporting and compliance<br>• Focus on financial performance, risk management, internal and external control |
| Government/ Regulation | • Dialogues, meetings and discussions<br>• Attend briefing, workshops and trainings<br>• Periodic visits and site inspections | • Compliance with all rules and regulations of local authorities, government bodies and regulators. | • Responsible reporting<br>• Complying all the requirement and following the best practices |
| Community | • Engagement with technical school<br>• Social engagement activities | • Supporting local communities in economic, environmental and social development | • Internship programme<br>• Social service activities |

# 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 donated directly to other charitable foundation, temples and community centre.

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 2020 is as follows:

| | Audit Fees (RM) | Non-Audit Fees (RM) |
|---|---|---|
| Company | 89,250 | 8,000 |
| Group | 311,900 | 13,000 |

## 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 2020 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 system of internal control and for reviewing its adequacy and integrity to safeguard shareholders' investment and Group's assets. The Board has received assurance from the Group Managing Director and Group Financial Controller that the Group's risk management and internal control system is operating adequately. The Board's responsibility covers not only financial controls, but also relating to operational risk management and compliance with applicable laws and regulations and guidelines set by the authorities.

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

- The Board meets at least quarterly and have set a schedule of matters to be deliberated during the Board meetings to ensure that 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 action 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 2020, the Internal Audit Function reviewed the internal control systems for rent distribution function of a subsidiary involved in hospitality sector, operating cost management and payment control procedures for hotel operation and retail mall management, and the sales procedures for receivables and collection procedures for 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 and retail mall operation.
    - Reviewed the adequacy and operating effectiveness of purchase requisition, monitoring and reporting in procurement cycle in hotel and retail mall operation.
    - Reviewed the purchase planning and monitoring procedures in both hotel and retail mall operation.
    - Reviewed supplier selection, evaluation and performance review.
    - Reviewed suppliers credit terms and limits as well as creditors ageing report.

# 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 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 Board of Directors ("the Board") is pleased to present the Audit Committee Report for the financial year ended 31 December 2020 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

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

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

The Chairman of the Audit Committee, Dato' Robert Lim @ Lim Git Hooi, DPMP, JP is a member of the Malaysian Institute of Accountants which complies with Paragraph 15.09 (1)(c)(i) of the MMLR of Bursa Securities and is in line with Practice 8.1 under the Malaysian Code on Corporate Governance.

### Attendance of Meetings

During the financial year, a total of four (4) meetings were held.

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

| Name | Number of Meetings Attended |
|---|---|
| Dato' Robert Lim @ Lim Git Hooi, DPMP, JP | 4/4 |
| Ching Nye Mi @ Chieng Ngie Chay | 4/4 |
| Ding Ming Hea | 4/4 |

### 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 2020 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 2020.

## 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

| | Group RM | Company RM |
|---|---|---|
| Profit/(Loss) for the financial year, net of tax | 6,805,332 | (10,277,960) |
| Attributable to: | | |
| Owners of the Company | 6,805,332 | (10,277,960) |

## DIVIDENDS

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

| | RM |
|---|---|
| Single tier final dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 December 2019, paid on 24 December 2020 | 13,212,194 |

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2020.

## RESERVES OR PROVISIONS

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

**DIRECTORS' REPORT (CONTINUED)**

**BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that 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.

**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.

**DIRECTORS' REPORT (CONTINUED)**

## ITEMS OF MATERIAL AND UNUSUAL NATURE

Other than the impairment loss on right-of-use assets, gain on termination of leases and the COVID-19 pandemic as disclosed in Note 27 and 36 to the financial statements, 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; 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.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued RM87 million in nominal value of perpetual securities under its RM750 million unrated perpetual securities issuance programme.

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

The salient features of the Perpetual Securities are disclosed in Note 19 to the financial statements.

Other than the above, no new issue of shares 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 2020, the Company held 512,512 treasury shares out of its 528,999,579 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM970,157. 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

**DIRECTORS' REPORT (CONTINUED)**

**DIRECTORS (CONTINUED)**

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:

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

**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**

| | | Number of ordinary shares | | | |
|---|---|---|---|---|---|
| | **Note** | **At 1.1.2020** | **Bought** | **Sold** | **At 31.12.2020** |
| **Direct interests** | | | | | |
| Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS | | 128,982,770 | - | - | 128,982,770 |
| Dato' Yu Kuan Huat DPMP, PMP, AMP, PPT | | 23,656,810 | - | - | 23,656,810 |
| Dato' Robert Lim @ Lim Git Hooi, DPMP, JP | | 613,123 | - | - | 613,123 |
| Ching Nye Mi @ Chieng Ngie Chay | | 7,231,628 | - | - | 7,231,628 |
| Ding Ming Hea | | 1,631,677 | 2,025,000 | (1,248,037) | 2,408,640 |
| **Indirect interests** | | | | | |
| Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS | * | 43,180,507 | - | - | 43,180,507 |
| Dato' Yu Kuan Huat DPMP, PMP, AMP, PPT | * | 131,402,938 | - | - | 131,402,938 |
| 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' REPORT (CONTINUED)**

**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.

**INDEMNITY TO DIRECTORS AND OFFICERS**

During the financial year, no indemnity was 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 accounts of the subsidiaries did not contain any qualification.

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

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

**DIRECTORS' REPORT (CONTINUED)**

**AUDITORS**

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

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

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

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: 28 May 2021

*Registration No. 200101026228 (561986 – V)*

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

**STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020**

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | Note | 31.12.2020<br>RM | 31.12.2019<br>RM | 1.1.2019<br>RM | 31.12.2020<br>RM | 31.12.2019 | 1.1.2019<br>RM |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | **5** | 106,547,095 | 106,786,044 | 109,954,981 | - | - | - |
| Right-of-use assets | **6** | 57,303,111 | 93,023,088 | 97,533,705 | - | - | - |
| Investment properties | **7** | 301,678,132 | 305,462,395 | 302,468,234 | - | - | - |
| Inventories | **8** | 1,315,179,348 | 1,085,618,255 | 869,526,281 | - | - | - |
| Goodwill on consolidation | **9** | 17,626,036 | 17,626,036 | 17,626,036 | - | - | - |
| Investment in subsidiaries | **10** | - | - | - | 1,022,730,590 | 822,009,738 | 569,017,930 |
| Deferred tax assets | **11** | 91,390,263 | 87,875,947 | 94,992,445 | - | - | - |
| **Total non-current assets** | | **1,889,723,985** | **1,696,391,765** | **1,492,101,682** | **1,022,730,590** | **822,009,738** | **569,017,930** |
| **Current assets** | | | | | | | |
| Inventories | **8** | 391,332,644 | 475,644,617 | 542,468,804 | - | - | - |
| Current tax assets | | 1,224,390 | 1,831,190 | 4,606,440 | - | - | 533,066 |
| Other current assets | **12** | 9,608,783 | 11,824,216 | 15,176,035 | 32,077 | 37,077 | 2,077 |
| Trade and other receivables | **13** | 121,107,092 | 130,989,499 | 152,296,368 | 4,732,563 | 3,841,880 | 3,843,205 |
| Contract assets | **14** | 15,850,600 | 720,833 | 47,741,945 | - | - | - |
| Cash and short-term deposits | **15** | 50,817,484 | 15,510,919 | 13,377,638 | 168,501 | 92,721 | 92,127 |
| **Total current assets** | | **589,940,993** | **636,521,274** | **775,667,230** | **4,933,141** | **3,971,678** | **4,470,475** |
| **TOTAL ASSETS** | | **2,479,664,978** | **2,332,913,039** | **2,267,768,912** | **1,027,663,731** | **825,981,416** | **573,488,405** |

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

**STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 (CONTINUED)**

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | Note | 31.12.2020 RM | 31.12.2019 RM | 1.1.2019 RM | 31.12.2020 RM | 31.12.2019 RM | 1.1.2019 RM |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity attributable to owners of the Company** | | | | | | | |
| Share capital | **16** | 528,999,579 | 528,999,579 | 528,999,579 | 528,999,579 | 528,999,579 | 528,999,579 |
| Treasury shares | **17** | (970,157) | (970,157) | (970,157) | (970,157) | (970,157) | (970,157) |
| Other reserves | **18** | 31,222,072 | 31,914,872 | 32,315,809 | - | - | - |
| Retained earnings | | 327,816,043 | 352,287,763 | 311,202,572 | (12,363,683) | 29,191,329 | 31,906,670 |
| | | 887,067,537 | 912,232,057 | 871,547,803 | 515,665,739 | 557,220,751 | 559,936,092 |
| Perpetual securities | **19** | 345,915,827 | 260,420,981 | - | 345,915,827 | 260,420,981 | - |
| **TOTAL EQUITY** | | **1,232,983,364** | **1,172,653,038** | **871,547,803** | **861,581,566** | **817,641,732** | **559,936,092** |
| **Non-current liabilities** | | | | | | | |
| Loans and borrowings | **20** | 318,691,980 | 267,080,899 | 146,328,681 | - | - | - |
| Lease liabilities | **21** | 4,638,166 | 61,992,275 | 81,778,839 | - | - | - |
| Deferred tax liabilities | **11** | 31,766,643 | 35,758,254 | 38,831,569 | - | - | - |
| **Total non-current liabilities** | | **355,096,789** | **364,831,428** | **266,939,089** | **-** | **-** | **-** |

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

**STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 (CONTINUED)**

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | **31.12.2020** | **31.12.2019** | **1.1.2019** | **31.12.2020** | **31.12.2019** | **1.1.2019** |
| | **Note** | **RM** | **RM** | **RM** | **RM** | **RM** | **RM** |
| **Current liabilities** | | | | | | | |
| Loans and borrowings | **20** | 395,854,391 | 372,608,440 | 613,636,576 | - | - | - |
| Lease liabilities | **21** | 20,041,188 | 30,046,850 | 25,501,905 | - | - | - |
| Provisions | **22** | 479,390 | 429,459 | 665,438 | - | - | - |
| Current tax liabilities | | 33,523,081 | 23,647,919 | 13,025,393 | 79,035 | 79,035 | - |
| Trade and other payables | **23** | 301,024,634 | 256,985,153 | 283,890,239 | 166,003,130 | 8,260,649 | 13,552,313 |
| Contract liabilities | **14** | 140,662,141 | 111,710,752 | 192,562,469 | - | - | - |
| **Total current liabilities** | | **891,584,825** | **795,428,573** | **1,129,282,020** | **166,082,165** | **8,339,684** | **13,552,313** |
| **TOTAL LIABILITIES** | | **1,246,681,614** | **1,160,260,001** | **1,396,221,109** | **166,082,165** | **8,339,684** | **13,552,313** |
| **TOTAL EQUITY AND LIABILITIES** | | **2,479,664,978** | **2,332,913,039** | **2,267,768,912** | **1,027,663,731** | **825,981,416** | **573,488,405** |

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 2020**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | Note | RM | RM | RM | RM |
| Revenue | 24 | 179,901,348 | 366,008,628 | - | - |
| Cost of sales | 25 | (107,575,914) | (202,897,488) | - | - |
| **Gross profit** | | **72,325,434** | **163,111,140** | **-** | **-** |
| Other income | | 53,539,824 | 32,117,664 | 871 | 387,529 |
| Administrative expenses | | (60,383,271) | (68,178,850) | (872,435) | (841,561) |
| Selling and marketing expenses | | (5,696,614) | (8,649,968) | - | - |
| Net impairment losses on receivables | | (4,079,893) | (11,267,843) | (4,615,196) | - |
| Other expenses | | (726,742) | (1,822,938) | (4,791,200) | (2,261,309) |
| **Operating profit/(loss)** | | **54,978,738** | **105,309,205** | **(10,277,960)** | **(2,715,341)** |
| Finance costs | 26 | (38,036,576) | (45,378,705) | - | - |
| **Profit/(Loss) before tax** | 27 | **16,942,162** | **59,930,500** | **(10,277,960)** | **(2,715,341)** |
| Income tax expense | 29 | (10,136,830) | (18,845,309) | - | - |
| **Profit/(Loss) for the financial year** | | **6,805,332** | **41,085,191** | **(10,277,960)** | **(2,715,341)** |
| **Other comprehensive income/(loss), net of tax** | | | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | | | |
| Exchange differences on translation of subsidiary | | (692,800) | (400,937) | - | - |
| **Total comprehensive income/(loss) for the financial year** | | **6,112,532** | **40,684,254** | **(10,277,960)** | **(2,715,341)** |
| **Profit/(Loss) attributable to:** | | | | | |
| Owners of the Company | | **6,805,332** | **41,085,191** | **(10,277,960)** | **(2,715,341)** |
| **Total comprehensive income/(loss) attributable to:** | | | | | |
| Owners of the Company | | **6,112,532** | **40,684,254** | **(10,277,960)** | **(2,715,341)** |
| **(Loss)/Earnings per share (sen)** | 30 | | | | |
| - Basic | | (2.61) | 6.41 | | |
| - Diluted | | (2.61) | 6.41 | | |

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 2020**

| | | <---------- Attributable to owners of the Company ----------> | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Note** | **Share capital RM** | **Capital reserve RM** | **Translation reserve RM** | **Treasury shares RM** | **Retained earnings RM** | **Sub-total RM** | **Perpetual securities RM** | **Total equity RM** |
| **Group** | | | | | | | | | |
| **1 January 2019** | | 528,999,579 | 26,578,054 | 5,737,755 | (970,157) | 311,202,572 | 871,547,803 | - | 871,547,803 |
| **Total comprehensive income for the financial year** | | | | | | | | | |
| Profit for the financial | | - | - | - | - | 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 |
| **Transaction with owners** | | | | | | | | | |
| Issuance of perpetual securities | | - | - | - | - | - | - | 260,420,981 | 260,420,981 |
| Total transaction with owners | | - | - | - | - | - | - | 260,420,981 | 260,420,981 |
| **At 31 December 2019** | | 528,999,579 | 26,578,054 | 5,336,818 | (970,157) | 352,287,763 | 912,232,057 | 260,420,981 | 1,172,653,038 |

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**STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

| | Note | <---------- Attributable to owners of the Company | | | | | | ----------> | |
|---|---|---|---|---|---|---|---|---|---|
| | | Share capital RM | Capital reserve RM | Translation reserve RM | Treasury shares RM | Retained earnings RM | Sub-total RM | Perpetual securities RM | Total equity RM |
| **Group (Continued)** | | | | | | | | | |
| **At 1 January 2020** | | 528,999,579 | 26,578,054 | 5,336,818 | (970,157) | 352,287,763 | 912,232,057 | 260,420,981 | 1,172,653,038 |
| **Total comprehensive income for the financial year** | | | | | | | | | |
| Profit for the financial year | | - | - | - | - | 6,805,332 | 6,805,332 | - | 6,805,332 |
| Other comprehensive loss for the financial year | | - | - | (692,800) | - | - | (692,800) | - | (692,800) |
| Total comprehensive income | | - | - - | 692,800 | - | 6,805,332 | 6,112,532 | - | 6,112,532 |
| **Transactions with owners** | | | | | | | | | |
| Dividend paid on shares | **31** | - | - | - | - | (13,212,194) | (13,212,194) | - | (13,212,194) |
| Issuance of perpetual securities | | - | - | - | - | - | - | 85,494,846 | 85,494,846 |
| Distribution paid to holders of perpetual securities | | - | - | - | - | (18,064,858) | (18,064,858) | - | (18,064,858) |
| Total transactions with owners | | - | - | - | - | (31,277,052) | (31,277,052) | 85,494,846 | 54,217,794 |
| **At 31 December 2020** | | 528,999,579 | 26,578,054 | 4,644,018 | (970,157) | 327,816,043 | 887,067,537 | 345,915,827 | 1,232,983,364 |

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## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

| | | <------ Attributable to owners of the Company ------> | | | | | |
|---|---|---|---|---|---|---|---|
| | **Note** | **Share capital RM** | **Treasury shares RM** | **Retained earnings RM** | **Sub-total RM** | **Perpetual securities RM** | **Total equity RM** |
| **Company** | | | | | | | |
| **At 1 January 2019** | | 528,999,579 | (970,157) | 31,906,670 | 559,936,092 | - | 559,936,092 |
| **Total comprehensive loss for the financial year** | | | | | | | |
| 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) |
| **Transactions with owners** | | | | | | | |
| Issuance of perpetual securities | | - | - | - | - | 260,420,981 | 260,420,981 |
| Total transaction with owners | | - | - | - | - | 260,420,981 | 260,420,981 |
| **At 31 December 2019** | | 528,999,579 | (970,157) | 29,191,329 | 557,220,751 | 260,420,981 | 817,641,732 |
| **Total comprehensive loss for the financial year** | | | | | | | |
| Loss for the financial year | | - | - | (10,277,960) | (10,277,960) | - | (10,277,960) |
| Total comprehensive loss | | - | - | (10,277,960) | (10,277,960) | - | (10,277,960) |
| **Transactions with owners** | | | | | | | |
| Dividend paid on shares | **31** | - | - | (13,212,194) | (13,212,194) | - | (13,212,194) |
| Issuance of perpetual securities | | - | - | - | - | 85,494,846 | 85,494,846 |
| Distribution paid to holders of perpetual securities | | - | - | (18,064,858) | (18,064,858) | - | (18,064,858) |
| Total transactions with owners | | - | - | (31,277,052) | (31,277,052) | 85,494,846 | 54,217,794 |
| **At 31 December 2020** | | 528,999,579 | (970,157) | (12,363,683) | 515,665,739 | 345,915,827 | 861,581,566 |

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

**YNH PROPERTY BHD.**
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**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

| | | **Group** | | **Company** | |
|---|---|---|---|---|---|
| | | **2020** | **2019** | **2020** | **2019** |
| | **Note** | **RM** | **RM** | **RM** | **RM** |
| **Cash flows from operating activities** | | | | | |
| Profit/(Loss) before tax | | 16,942,162 | 59,930,500 | (10,277,960) | (2,715,341) |
| Adjustments for: | | | | | |
| Bad debt written off | | 39,145 | 233,167 | - | - |
| Depreciation of investment properties | | 4,966,402 | 4,858,567 | - | - |
| Depreciation of property, plant and equipment | | 2,014,755 | 2,578,119 | - | - |
| Depreciation of right-of-use assets | | 15,037,606 | 16,480,654 | - | - |
| Impairment losses on property, plant and equipment | | - | 455,338 | - | - |
| Impairment losses on right-of-use assets | | 7,571,166 | 640,443 | - | - |
| Impairment losses on: | | | | | |
| - trade receivables | | 3,851,470 | 6,455,863 | - | - |
| - other receivables | | 2,338,791 | 6,150,098 | - | - |
| - investment in subsidiaries | | - | - | 4,791,200 | 2,261,309 |
| - amount owing by subsidiaries | | - | - | 4,615,196 | - |
| Inventories written off | | - | 207,404 | - | - |
| Reversal of impairment losses on: | | | | | |
| - trade receivables | | (2,088,947) | (1,286,502) | - | - |
| - other receivables | | (21,421) | (51,617) | - | - |
| Finance costs | | 38,036,576 | 45,378,705 | - | - |
| Finance income | | (1,630,215) | (1,189,696) | - | (387,529) |
| Gain on disposal of property, plant and equipment | | - | (1,988,850) | - | - |
| Loss on disposal of right-of-use assets | | - | 134,100 | - | - |
| Gain on termination of leases | | (26,103,947) | - | - | - |
| Property, plant and equipment written off | | 10,153 | 162,486 | - | - |
| Provision for rectification works | | 650,382 | 674,122 | - | - |
| Unrealised foreign exchange gain | | (585,641) | - | - | - |
| **Operating profit/(loss) before changes in working capital, carried forward** | | 61,028,437 | 139,822,901 | (871,564) | (841,561) |

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

**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2020** | **2019** | **2020** | **2019** |
| | **Note** | **RM** | **RM** | **RM** | **RM** |
| **Cash flows from operating activities (Continued)** | | | | | |
| **Operating profit/(loss) before changes in working capital, brought forward** | | 61,028,437 | 139,822,901 | (871,564) | (841,561) |
| Changes in working capital: | | | | | |
| Inventories | | 86,449,985 | 80,077,778 | - | - |
| Trade and other receivables | | 7,978,802 | 13,157,679 | 5,000 | (35,000) |
| Contract assets | | (15,129,767) | 47,021,112 | - | - |
| Trade and other payables | | 43,845,378 | (27,889,951) | 935,922 | 60,282 |
| Provisions | | (600,451) | (910,101) | - | - |
| Contract liabilities | | 28,951,389 | (80,851,717) | - | - |
| Net cash generated from/ (used in) operations | | 212,523,773 | 170,427,701 | 69,358 | (816,279) |
| Income tax refunded | | 54 | 3,832,652 | - | 612,101 |
| Income tax paid | | (7,160,849) | (5,237,002) | - | - |
| Interest received | | 1,630,215 | 1,189,696 | - | 387,529 |
| Interest paid | | (38,036,576) | (45,378,705) | - | - |
| Net cash from operating activities | | 168,956,617 | 124,834,342 | 69,358 | 183,351 |
| **Cash flows from investing activities** | | | | | |
| Properties held for development - net of disposals/revocation | | (229,561,093) | (236,764,815) | - | - |
| Purchase of property, plant and equipment | | (2,309,157) | (898,261) | - | - |
| Purchase of right-of-use assets | | (3,182,209) | (905,958) | - | - |
| Proceeds from disposal of property, plant and equipment | | - | 2,250,250 | - | - |
| Additions in investment properties | | (1,182,139) | (30,896) | - | - |
| Proceeds from disposal of right-of-use assets | | - | 120,000 | - | - |
| Withdrawal/(Placement) of fixed deposits pledged | | 176,585 | (305,377) | - | - |
| Withdrawal/(Placement) of Escrow accounts | | 10 | (2,040) | 10 | (2,040) |
| Advances to subsidiaries | | - | - | (5,505,879) | - |
| Capital contribution to subsidiaries | | - | - | (205,512,052) | (255,251,792) |
| Net cash used in investing activities | | (236,058,003) | (236,537,097) | (211,017,921) | (255,253,832) |

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

**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | **Note** | **2020 RM** | **2019 RM** | **2020 RM** | **2019 RM** |
| **Cash flows from financing activities** | **(b)** | | | | |
| Advances/(Repayment) to subsidiaries | | - | - | 156,794,615 | (5,352,946) |
| Advances from directors | | 86,944 | 583,928 | 11,944 | 1,000 |
| Drawdown of term loans | | 160,000,000 | 63,144,951 | - | - |
| Payment of lease liabilities | | (26,577,224) | (27,200,241) | - | - |
| Drawdown/(Repayment) of short-term revolving credits | | 7,926,870 | (94,197,103) | - | - |
| Repayment of term loans | | (100,962,882) | (40,797,622) | - | - |
| Net proceeds from issuance of perpetual securities | | 85,494,846 | 260,420,981 | 85,494,846 | 260,420,981 |
| Drawdown of bankers' acceptances | | 4,293,053 | - | - | - |
| Dividend paid | | (13,212,194) | - | (13,212,194) | - |
| Distribution paid to holders of perpetual securities | | (18,064,858) | - | (18,064,858) | - |
| Net cash from/(used in) financing activities | | 98,984,555 | 161,954,894 | 211,024,353 | 255,069,035 |
| Net increase/(decrease) in cash and cash equivalents | | 31,883,169 | 50,252,139 | 75,790 | (1,446) |
| **Cash and cash equivalents at the beginning of the financial year** | | (43,275,591) | (93,527,599) | 90,681 | 92,127 |
| Effects of exchange rate changes on cash and cash equivalents | | - | (131) | - | - |
| **Cash and cash equivalents at the end of the financial year** | **15** | (11,392,422) | (43,275,591) | 166,471 | 90,681 |

**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

(a) Reconciliation of liabilities arising from financing activities

| | 1 January 2020 RM | Cash flows RM | Non-cash termination RM | 31 December 2020 RM |
|---|---|---|---|---|
| **Group** | | | | |
| Lease liabilities | 92,039,125 | (26,577,224) | (40,782,547) | 24,679,354 |
| Revolving credits | 291,764,021 | 7,926,870 | - | 299,690,891 |
| Term loans | 290,141,731 | 59,037,118 | - | 349,178,849 |
| Bankers' acceptances | - | 4,293,053 | - | 4,293,053 |
| | 673,944,877 | 44,679,817 | (40,782,547) | 677,842,147 |

| | 1 January 2019 RM | Cash flows RM | Non-cash addition RM | 31 December 2019 RM |
|---|---|---|---|---|
| **Group** | | | | |
| 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 |
| | 761,036,270 | (99,050,015) | 11,958,622 | 673,944,877 |

**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 RM31,917,942 (2019: RM41,067,605).

## 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 28 May 2021.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of Compliance

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

#### 2.2 Adoption of amendments/improvements to MFRSs

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

| Amendments/Improvements to MFRSs | |
|---|---|
| MFRS 3 | Business Combinations |
| MFRS 7 | Financial Instruments: Disclosures |
| MFRS 9 | Financial Instruments |
| MFRS 16 | Leases * |
| MFRS 101 | Presentation of Financial Statements |
| MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| MFRS 139 | Financial Instruments: Recognition and Measurement |

* Early adopted the amendments to MFRS 16 Leases issued by the Malaysian Accounting Standards Board ("MASB") on 5 June 2020 and 6 April 2021.

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

## 2. BASIS OF PREPARATION (CONTINUED)

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

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

| | | **Effective for financial periods beginning on or after** |
|---|---|---|
| <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^/ 1 January 2023$^{\#}$ |
| MFRS 3 | Business Combinations | 1 January 2022/ 1 January 2023$^{\#}$ |
| MFRS 4 | Insurance Contracts | 1 January 2021/ 1 January 2023 |
| MFRS 5 | Non-current Assets Held for Sale and Discontinued Operations | 1 January 2023$^{\#}$ |
| MFRS 7 | Financial Instruments: Disclosures | 1 January 2021/ 1 January 2023$^{\#}$ |
| MFRS 9 | Financial Instruments | 1 January 2021/ 1 January 2022^/ 1 January 2023$^{\#}$ |
| MFRS 10 | Consolidated Financial Statements | Deferred |
| MFRS 15 | Revenue from Contracts with Customers | 1 January 2023$^{\#}$ |
| MFRS 16 | Leases | 1 January 2021/ 1 January 2022^ |
| MFRS 17 | Insurance Contracts | 1 January 2023 |
| MFRS 101 | Presentation of Financial Statements | 1 January 2023/ 1 January 2023$^{\#}$ |
| MFRS 107 | Statement of Cash Flows | 1 January 2023$^{\#}$ |
| MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors | 1 January 2023 |
| MFRS 116 | Property, Plant and Equipment | 1 January 2022/ 1 January 2023$^{\#}$ |
| MFRS 119 | Employee Benefits | 1 January 2023$^{\#}$ |
| MFRS 128 | Investments in Associates and Joint Ventures | Deferred/ 1 January 2023$^{\#}$ |
| MFRS 132 | Financial Instruments: Presentation | 1 January 2023$^{\#}$ |
| MFRS 136 | Impairment of Assets | 1 January 2023$^{\#}$ |
| MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets | 1 January 2022/ 1 January 2023$^{\#}$ |
| MFRS 138 | Intangible Assets | 1 January 2023$^{\#}$ |
| MFRS 139 | Financial Instruments: Recognition and Measurement | 1 January 2021 |
| MFRS 140 | Investment Property | 1 January 2023$^{\#}$ |
| MFRS 141 | Agriculture | 1 January 2022^ |

^ *The Annual Improvements to MFRS Standards 2018-2020*
\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

## 2. BASIS OF PREPARATION (CONTINUED)

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

(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.

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

***Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors***

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

***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. BASIS OF PREPARATION (CONTINUED)

### 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.

### 2.6 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 where assumptions and major sources of estimation uncertainty at the end of the reporting period that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, or areas involving judgements that have most effect on the amounts recognised in the financial statements are disclosed in Note 4 to the financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Basis of consolidation

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

#### (a) Subsidiaries and business combination

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

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

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

## 3. 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:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus

- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.8.

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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (Continued)

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

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

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

#### (b) Transactions eliminated on consolidation

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

### 3.2 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (a) Translation of foreign currency transactions (Continued)

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).

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

### 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.

**(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.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.4 Financial instruments (Continued)**

**(a) Subsequent measurement (Continued)**

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

**(i) Financial assets (Continued)**

<u>Debt instruments</u>

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

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a). 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.

- **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.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.4 Financial instruments (Continued)**

**(a) Subsequent measurement (Continued)**

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

**(i) Financial assets (Continued)**

Debt instruments (Continued)

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

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.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.4 Financial instruments (Continued)**

**(a) Subsequent measurement (Continued)**

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

**(ii) Financial liabilities (Continued)**

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

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

**(b) Financial guarantee contracts**

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

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

**(c) Derecognition**

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

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

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.4 Financial instruments (Continued)**

**(c) Derecognition (Continued)**

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

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

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

**(d) Offsetting of financial instruments**

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

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

**3.5 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 Property, plant and equipment

#### (b) Subsequent costs

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

#### (c) Depreciation

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

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

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

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

#### (d) Derecognition

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

### 3.6 Leases

#### (a) Definition of lease

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

- the 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Leases (Continued)

#### (b) Lessee accounting

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

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

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Leases (Continued)

#### (b) Lessee accounting (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.

#### (c) Lessor accounting

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

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Leases (Continued)

#### (c) Lessor accounting (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.

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

### 3.7 Investment properties

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

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

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.

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%.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.7 Investment properties (Continued)**

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

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

**3.8 Goodwill on consolidation**

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

**3.9 Inventories**

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

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

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

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

<u>Properties held for development</u>

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

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

<u>Properties under development</u>

Cost includes:

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

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.9 Inventories (Continued)**

Completed properties

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

**3.10 Contract assets/(liabilities)**

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a).

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

**3.11 Cash and cash equivalents**

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

**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.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.12 Impairment of assets (Continued)**

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

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

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

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

- the 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.

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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.12 Impairment of assets (Continued)

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

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

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

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

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

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

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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.12 Impairment of assets (Continued)

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

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.

#### (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 declared or paid.

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

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

### 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.

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.

<u>Financing components</u>

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. When the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.16 Revenue and other income (Continued)

Financing components (Continued)

**(a) Property development (Continued)**

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.

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

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

For commercial properties, the Group's obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent within a period of 18 months after the purchaser takes vacant possession of the building are recognised as a provision, if any.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**(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.

**(e) Sale of electricity**

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.16 Revenue and other income (Continued)

#### (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. 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. 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. 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. 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 derecognised certain right-of-use assets and lease liabilities for leases of service apartments and office suites following termination of leases, and also recognised impairment loss on its right-of-use assets. Significant judgements and estimates are used to determine the recoverable amount based on estimated future cash flows.

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.

**(d) Funding requirements and ability to meet short term obligations**

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

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

## 5. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land RM | Buildings RM | Plant and machineries RM | Motor vehicles RM | Tennis court RM | Office equipment, furniture, fittings and renovations RM | Crockery, glassware, cutlery, carpet and linen RM | Total RM |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **2020** | | | | | | | | |
| **Cost** | | | | | | | | |
| At 1 January 2020 | 85,970,229 | 11,605,296 | 27,145,336 | 6,799,215 | 70,004 | 18,096,694 | 3,231,250 | 152,918,024 |
| Additions | 14,980 | - | 2,031,265 | - | - | 262,912 | - | 2,309,157 |
| Written off | - | - | (28,721) | - | - | (72,801) | - | (101,522) |
| At 31 December 2020 | 85,985,209 | 11,605,296 | 29,147,880 | 6,799,215 | 70,004 | 18,286,805 | 3,231,250 | 155,125,659 |
| **Accumulated depreciation** | | | | | | | | |
| At 1 January 2020 | - | 3,181,309 | 22,148,632 | 6,293,815 | 70,002 | 13,259,732 | 1,178,490 | 46,131,980 |
| Depreciation charge for the financial year | - | 258,475 | 813,436 | 90,703 | - | 1,337,875 | 37,464 | 2,537,953 |
| Written off | - | - | (25,848) | - | - | (65,521) | - | (91,369) |
| At 31 December 2020 | - | 3,439,784 | 22,936,220 | 6,384,518 | 70,002 | 14,532,086 | 1,215,954 | 48,578,564 |
| **Carrying amount** | | | | | | | | |
| At 1 January 2020 | 85,970,229 | 8,423,987 | 4,996,704 | 505,400 | 2 | 4,836,962 | 2,052,760 | 106,786,044 |
| At 31 December 2020 | 85,985,209 | 8,165,512 | 6,211,660 | 414,697 | 2 | 3,754,719 | 2,015,296 | 106,547,095 |

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

| | Freehold land RM | Buildings RM | Plant and machineries RM | Motor vehicles RM | Tennis court RM | Office equipment, furniture, fittings and renovations RM | Crockery, glassware, cutlery, carpet and linen RM | Total RM |
|---|---|---|---|---|---|---|---|---|
| **Group (Continued)** | | | | | | | | |
| **2019** | | | | | | | | |
| **Cost** | | | | | | | | |
| 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 |
| **Accumulated depreciation** | | | | | | | | |
| 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 |
| **Carrying amount** | | | | | | | | |
| At 1 January 2019 | 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)

### (a) Assets pledged as security

Freehold land with a carrying amount of RM84,648,700 (2019: RM84,648,700) 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:

| | Group | | |
|---|---|---|---|
| | Machinery and equipment (own use) RM | Machinery and equipment (subject to operating lease) RM | Total RM |
| **2020** | | | |
| **Cost** | | | |
| At 1 January 2020 | 15,366,736 | 11,778,600 | 27,145,336 |
| Additions | 2,031,265 | - | 2,031,265 |
| Written off | (28,721) | - | (28,721) |
| At 31 December 2020 | 17,369,280 | 11,778,600 | 29,147,880 |
| **Accumulated depreciation** | | | |
| At 1 January 2020 | 12,774,726 | 9,373,906 | 22,148,632 |
| Depreciation charge for the financial year | 761,033 | 52,403 | 813,436 |
| Written off | (25,848) | - | (25,848) |
| At 31 December 2020 | 13,509,911 | 9,426,309 | 22,936,220 |
| **Carrying amount** | | | |
| At 31 December 2020 | 3,859,369 | 2,352,291 | 6,211,660 |

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

### (b) Plant and machineries (Continued)

Plant and machineries are analysed as follows (Continued):

| | Group<br>Machinery and equipment (own use)<br>RM | Machinery and equipment (subject to operating lease)<br>RM | Total<br>RM |
|---|---|---|---|
| **2019** | | | |
| **Cost** | | | |
| 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 | 15,366,736 | 11,778,600 | 27,145,336 |
| **Accumulated depreciation** | | | |
| 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 |
| **Carrying amount** | | | |
| 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

In the previous financial year, an impairment loss of RM455,338 was recognised in profit or loss included in other expenses line, 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 was 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:

| | Group | | | | |
|---|---|---|---|---|---|
| | **Leasehold land RM** | **Service apartments and office suites RM** | **Plant and machineries RM** | **Motor vehicle RM** | **Total RM** |
| **2020** | | | | | |
| **Cost** | | | | | |
| At 1 January 2020 | 51,140,391 | 97,721,310 | 38,211,797 | - | 187,073,498 |
| Additions | 552,000 | - | 2,073,533 | 556,676 | 3,182,209 |
| Termination of leases | - | (52,620,442) | - | - | (52,620,442) |
| At 31 December 2020 | 51,692,391 | 45,100,868 | 40,285,330 | 556,676 | 137,635,265 |
| **Accumulated depreciation and impairment loss** | | | | | |
| At 1 January 2020 | 3,117,196 | 64,007,792 | 26,925,422 | - | 94,050,410 |
| Depreciation charge for the financial year | 606,783 | 11,463,752 | 4,556,835 | 25,050 | 16,652,420 |
| Impairment for the financial year | - | 7,571,166 | - | - | 7,571,166 |
| Termination of leases | - | (37,941,842) | - | - | (37,941,842) |
| At 31 December 2020 | 3,723,979 | 45,100,868 | 31,482,257 | 25,050 | 80,332,154 |
| **Carrying amount** | | | | | |
| At 31 December 2020 | 47,968,412 | - | 8,803,073 | 531,626 | 57,303,111 |
| **2019** | | | | | |
| **Cost** | | | | | |
| 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 |
| **Accumulated depreciation and impairment loss** | | | | | |
| 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 |

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

### (a) Leasehold land

Leasehold land with a carrying amount of RM46,881,687 (2019: RM44,944,978) has been pledged as security to secure banking facilities of the Group as disclosed in Note 20.

### (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.

The Group also have some lease arrangements which are not fixed and where payments of these lease amounts are contingent upon operating profits of the hotel business as defined in the lease agreements, calculated based on a certain percentage of such profits.

During the financial year, the Group had derecognised right-of-use assets and lease liabilities with carrying amounts of RM14,678,600 and RM40,782,547 respectively following termination of lease agreements with the landlords. This had resulted in a gain on termination of leases of RM26,103,947 recognised in profit or loss.

An impairment loss of RM7,571,166 (2019: RM640,443) was recognised in profit or loss and included in other expenses line during the financial year in view of the hotel and hospitality segment are loss making and impact from COVID-19 pandemic. 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. The cash flow projections were discounted at a rate of 8% (2019: 8%) 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

| | Group 2020 RM | Group 2019 RM |
|---|---|---|
| **Cost** | | |
| At 1 January | 329,267,758 | 321,415,030 |
| Additions | 1,182,139 | 30,896 |
| Transfer from inventories | - | 7,821,832 |
| At 31 December | 330,449,897 | 329,267,758 |
| **Accumulated depreciation** | | |
| At 1 January | 23,805,363 | 18,946,796 |
| Depreciation charge for the financial year | 4,966,402 | 4,858,567 |
| At 31 December | 28,771,765 | 23,805,363 |
| **Carrying amount** | | |
| At 31 December | 301,678,132 | 305,462,395 |
| **Estimated fair value** | | |
| At 31 December | 1,004,172,439 | 924,189,282 |

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 RM281,697,026 (2019: RM279,048,670) 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:

| | Group Level 3 RM |
|---|---|
| **2020** | |
| Investment properties | 1,004,172,439 |
| **2019** | |
| Investment properties | 924,189,282 |

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 2020 or 31 December 2019.

## 7. INVESTMENT PROPERTIES (CONTINUED)

**Level 3 fair value**

The estimated fair values of the investment properties were determined by external, independent valuers or based on information available through internal research and the directors' best estimate 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 the properties.

## 8. INVENTORIES

| | Group 31.12.2020 RM | Group 31.12.2019 RM | Group 1.1.2019 RM |
|---|---|---|---|
| **At cost** | | | |
| **Non-current** | | | |
| Properties held for development | | | |
| - Freehold land | 935,902,371 | 796,329,227 | 574,205,566 |
| - Leasehold land | 283,054,013 | 210,254,013 | 207,750,401 |
| - Development costs | 96,222,964 | 79,035,015 | 87,570,314 |
| | 1,315,179,348 | 1,085,618,255 | 869,526,281 |
| **Current** | | | |
| Properties under development | | | |
| - Freehold land | 79,501,424 | 90,790,741 | 113,460,612 |
| - Leasehold land | 251,108 | 313,878 | 327,488 |
| - Development costs | 95,843,350 | 127,165,378 | 122,550,570 |
| Completed properties | 215,046,330 | 256,698,463 | 305,004,822 |
| Building materials and consumables | 389,043 | 345,100 | 392,244 |
| Stationeries and housekeeping supplies | 301,389 | 331,057 | 733,068 |
| | 391,332,644 | 475,644,617 | 542,468,804 |
| | 1,706,511,992 | 1,561,262,872 | 1,411,995,085 |

(a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM74,395,338 (2019: RM137,681,270).

(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 RM Nil (2019: RM207,404).

(c) The following properties are pledged as security to secure banking facilities granted to the Group as disclosed in Note 20:

| | Group 31.12.2020 RM | Group 31.12.2019 RM | Group 1.1.2019 RM |
|---|---|---|---|
| Properties held for development | 736,427,541 | 663,329,655 | 437,027,072 |
| Properties under development | 145,250,088 | 197,177,846 | 236,118,125 |
| Completed properties | 201,403,402 | 3,092,228 | 7,813,414 |

**8. INVENTORIES (CONTINUED)**

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

| | Group 2020 RM | 2019 RM |
|---|---|---|
| Depreciation of property, plant and equipment | 523,198 | 609,986 |
| Depreciation of right-of-use assets | 1,614,814 | - |
| Employee benefits expense (Note (i)) | - | 368,361 |
| Expense relating to short-term leases of plant and machineries | 3,738,140 | 739,766 |

(i) Included in employee benefits expense are:

| | Group 2020 RM | 2019 RM |
|---|---|---|
| Salaries, bonus and other staff related costs | - | 331,872 |
| Employees Provident Fund | - | 33,482 |
| SOCSO | - | 3,007 |
| | - | 368,361 |

(e) Included in properties held for development of the Group are amounts of RM952,227,470 (31.12.2019: RM737,224,140; 1.1.2019: RM511,197,470) paid in respect of joint venture and turnkey contracts entered into with landowners for development work which has yet to commence. The land cost is subject to the agreed entitlement provided in the contract with the joint venture partners or landlords.

Freehold land and leasehold land amounting to RM577,557,900 (31.12.2019: RM497,484,570; 1.1.2019: RM271,457,900) are pledged to secure banking facilities granted to the Group as disclosed in Note 20.

(f) Titles of certain properties held for development of the Group with carrying amount of RM1,055,321,867 (31.12.2019: RM839,956,147; 1.1.2019: RM613,755,103) are registered under the names of the previous proprietors.

(g) Titles of certain properties under development of the Group with carrying amount of RM6,280,484 (31.12.2019: RM4,694,568; 1.1.2019: RM3,876,694) are registered under the names of the previous proprietors.

## 9. GOODWILL ON CONSOLIDATION

| | Group 2020 RM | Group 2019 RM |
|---|---|---|
| Goodwill on consolidation | 17,626,036 | 17,626,036 |

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

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

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

(i) Budgeted gross margins – Gross margins are based on the historical gross margins achieved and anticipated future projects.
(ii) Growth rates – Growth rates are based on general market and economic conditions, existing and anticipated projects and other available information for the next 3 years and assuming no growth for subsequent years.
(iii) Pre-tax discount rate – Discount rate of 15% (2019: 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

| | Company 2020 RM | Company 2019 RM |
|---|---|---|
| **At cost** | | |
| Unquoted shares | 552,221,584 | 552,221,584 |
| Less: Impairment loss | (19,652,509) | (14,861,309) |
| | 532,569,075 | 537,360,275 |
| Loans that are part of net investments | 490,161,515 | 284,649,463 |
| | 1,022,730,590 | 822,009,738 |

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)**

During the financial year, an impairment loss on an investment in subsidiary of RM4,791,200 (2019: RM2,261,309) was recognised and included in other expenses line in profit or loss in full as the subsidiary has ceased operation.

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 2020 % | 2019 % | Principal activities |
|---|---|---|---|
| Kar Sin Berhad | 100 | 100 | Property development and, cultivation and sale of oil palm produce |
| YNH Construction Sdn. Bhd. | 100 | 100 | General contracting |
| D'Kiara Place Sdn. Bhd. ^ | 100 | 100 | Property development and provision of consultancy services |
| YNH Hospitality Sdn. Bhd. | 100 | 100 | Provision of management services, lodging facilities and property investment holding |
| YNH Services Sdn. Bhd. | 100 | 100 | Temporary ceased operation |
| YNH Land Sdn. Bhd. | 97 | 97 | Property investment holding |
| Green Mirage Sdn. Bhd. | 100 | 100 | Property investment holding |
| Kiara Desaru Sdn. Bhd. | 100 | 100 | Property investment holding |
| YNH Engineering Sdn. Bhd. | 100 | 100 | General contracting |
| YNH Electrical Engineering Sdn. Bhd. | 100 | 100 | General contracting |
| YNH Ready Mix Sdn. Bhd. | 100 | 100 | Rental of plant and equipment |
| Sky High Corporation * | 100 | 100 | Dormant |
| YNH Hardware Sdn. Bhd. | 100 | 100 | Dormant |
| YNH Communication Engineering Sdn. Bhd. | 100 | 100 | Dormant |
| YNH Utility Sdn. Bhd. | 100 | 100 | Energy and utility provider |
| Desaru Ace Services Sdn. Bhd. | 100 | 100 | Dormant |
| **Subsidiaries of Kar Sin Berhad** | | | |
| Hotel Sfera Sdn. Bhd. | 100 | 100 | Operation and management of a hotel and its related business and property investment holding |
| Mesra Unggul Sdn. Bhd. | 100 | 100 | Property investment holding and development |
| Bay Clubhouse Sdn. Bhd. | 100 | 100 | Property investment holding |

## 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 2020 % | Ownership interest 2019 % | Principal activities |
|---|---|---|---|
| **Subsidiaries of Kar Sin Berhad** | | | |
| Hotel Sfera Sdn. Bhd. | 100 | 100 | Operation and management of a hotel and its related business and property investment holding |
| Mesra Unggul Sdn. Bhd. | 100 | 100 | Property investment holding and development |
| Bay Clubhouse Sdn. Bhd. | 100 | 100 | Property investment holding |
| YNH Land Sdn. Bhd. | 3 | 3 | Property investment holding |
| Benua Kukuh Sdn. Bhd. | 100 | 100 | Property investment holding |
| YNH Realty Sdn. Bhd. | 100 | 100 | Marketing agent |

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

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

## 11. DEFERRED TAX ASSETS/(LIABILITIES)

| | Group 2020 RM | Group 2019 RM |
|---|---|---|
| **Deferred tax assets** | | |
| At 1 January | 87,875,947 | 94,992,445 |
| Recognised in profit or loss (Note 29) | 3,514,316 | (7,116,498) |
| At 31 December | 91,390,263 | 87,875,947 |
| **Deferred tax liabilities** | | |
| At 1 January | (35,758,254) | (38,831,569) |
| Recognised in profit or loss (Note 29) | 3,991,611 | 3,073,315 |
| At 31 December | (31,766,643) | (35,758,254) |

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:

| | Group 2020 RM | Group 2019 RM |
|---|---|---|
| **Deferred tax assets** | | |
| Deductible temporary differences in respect of expenses | 3,238,981 | 7,644,081 |
| Arising from transfer of property development cost or inventories to investment properties | 1,351,742 | 1,351,742 |
| Differences between the carrying amount of property, plant and equipment and its tax base | 37,666 | (2,263,512) |
| Interest attributable to property development cost | 42,433,186 | 36,850,472 |
| Unrealised profit on development properties | 44,328,688 | 44,293,164 |
| | 91,390,263 | 87,875,947 |
| **Deferred tax liabilities** | | |
| Deductible temporary differences in respect of expenses | (668,050) | (289,322) |
| Differences between the carrying amount of property, plant and equipment and its tax base | (586,278) | (433,350) |
| Fair value adjustment on consolidation | (30,512,315) | (35,035,582) |
| | (31,766,643) | (35,758,254) |

Unrecognised deferred tax assets

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

| | Group 2020 RM | Group 2019 RM |
|---|---|---|
| Deductible temporary difference in respect of expenses | (17,710,807) | (9,834,065) |
| Unutilised tax losses | 46,316,555 | 29,253,275 |
| Unabsorbed capital allowances | 7,149,344 | 5,396,983 |
| | 35,755,092 | 24,816,193 |

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:

| | Group 2020 RM | Group 2019 RM |
|---|---|---|
| 2025 | 16,249,860 | 16,249,860 |
| 2026 | 13,003,415 | 13,003,415 |
| 2027 | 17,063,280 | - |
| | 46,316,555 | 29,253,275 |

## 12. OTHER CURRENT ASSETS

| | Note | Group 2020 RM | Group 2019 RM | Company 2020 RM | Company 2019 RM |
|---|---|---|---|---|---|
| **Current** | | | | | |
| Costs to obtain contracts | **(a)** | 5,231,879 | 6,379,962 | - | - |
| Deposits for acquisition of development lands | | 125,213 | 125,213 | - | - |
| Mobilisation deposits | **(b)** | 3,158,700 | 3,158,700 | - | - |
| Prepayments | | 1,092,991 | 2,160,341 | 32,077 | 37,077 |
| | | 9,608,783 | 11,824,216 | 32,077 | 37,077 |

### (a) Costs to obtain contracts

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

These costs are amortised in accordance with the pattern of transfer of goods or services to which the asset relates. In 2020, amortisation amounting to RM10,465,183 (2019: RM6,859,777) was recognised as part of administrative expenses. There was no impairment loss in relation to the costs capitalised.

### (b) Mobilisation deposits

These amounts are paid to architects and other professional services for 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

| | Note | Group 2020 RM | Group 2019 RM | Company 2020 RM | Company 2019 RM |
|---|---|---|---|---|---|
| **Trade** | | | | | |
| Trade receivables from contracts with customers | | 117,811,652 | 123,251,284 | - | - |
| Less: Allowance for impairment loss | | (11,052,153) | (9,328,775) | - | - |
| | **(a)** | 106,759,499 | 113,922,509 | - | - |
| **Non-trade** | | | | | |
| Other receivables | | 21,191,442 | 18,493,120 | - | - |
| Less: Allowance for impairment loss | | (12,778,766) | (10,461,396) | - | - |
| | **(b)** | 8,412,676 | 8,031,724 | - | - |
| GST refundable | | 932,572 | 4,000,976 | - | - |
| Deposits | | 5,002,345 | 5,034,290 | - | - |
| Amount owing by subsidiaries | **(c)** | - | - | 9,347,759 | 3,841,880 |
| Less: Allowance for impairment loss | | - | - | (4,615,196) | - |
| | | 14,347,593 | 17,066,990 | 4,732,563 | 3,841,880 |
| Total trade and other receivables | | 121,107,092 | 130,989,499 | 4,732,563 | 3,841,880 |

### (a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 14 to 60 days (2019: 14 to 60 days) from the date of invoices.

Included in trade receivables of the Group are amounts of:

(i) RM130,800 (2019: RM985,326) owing by a company related to a director of the Company;

(ii) RM5,860,440 (2019: RM6,677,122) owing by certain directors of the Company;

(iii) RM4,727,009 (2019: RM7,103,611) owing by persons related to directors of the Company; and

(iv) RM8,915,233 (2019: RM16,621,925) being retention sums held by stakeholders. The retention sums are receivable upon the expiry of defect liability period as provided in the contracts with customers.

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.

## 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (a) Trade receivables (Continued)

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

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM | RM |
| **At 1 January** | 9,328,775 | 4,159,414 |
| Charge for the financial year (Note 27) | 3,851,470 | 6,455,863 |
| Reversal of impairment losses (Note 27) | (2,088,947) | (1,286,502) |
| Written off | (39,145) | - |
| **At 31 December** | 11,052,153 | 9,328,775 |

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 RM Nil (2019: RM1,833,552) 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.

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

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM | RM |
| **At 1 January** | 10,461,396 | 4,362,915 |
| Charge for the financial year (Note 27) | 2,338,791 | 6,150,098 |
| Reversal of impairment losses (Note 27) | (21,421) | (51,617) |
| **At 31 December** | 12,778,766 | 10,461,396 |

### (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 2020 RM | Group 2019 RM |
|---|---|---|
| Contract assets relating to construction service contracts | 15,850,600 | 720,833 |
| Contracts liabilities relating to property development | 139,734,974 | 111,248,594 |
| Advances from customers relating to utility charges | 927,167 | 462,158 |
| Total contract liabilities | 140,662,141 | 111,710,752 |

### (a) Significant changes in contract balances

| | Group 2020 Contract assets Increase/ (decrease) RM | Group 2020 Contract liabilities Increase/ (decrease) RM | Group 2019 Contract assets Increase/ (decrease) RM | Group 2019 Contract liabilities Increase/ (decrease) RM |
|---|---|---|---|---|
| Revenue recognised that was included in contract liability at the beginning of the financial year | - | (20,370,866) | - | (96,116,096) |
| Increase due to progress billings or cash received for work yet to be performed | - | 49,322,253 | - | 15,264,379 |
| Increase due to unbilled revenue recognised during the year | 15,850,600 | - | 179,307 | - |
| Transfer from contract assets recognised at the beginning of the period to receivables | (720,833) | - | (47,200,419) | - |

## 15. CASH AND SHORT-TERM DEPOSITS

| | Group 2020 RM | Group 2019 RM | Company 2020 RM | Company 2019 RM |
|---|---|---|---|---|
| Cash and bank balances | 49,887,628 | 14,406,579 | 168,501 | 92,721 |
| Short-term deposits | 824,298 | 1,000,883 | - | - |
| Short term fund - redeemable at call | 105,558 | 103,457 | - | - |
| | 50,817,484 | 15,510,919 | 168,501 | 92,721 |

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

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Short-term deposits | 824,298 | 1,000,883 | - | - |
| Less: Pledged deposits | (824,298) | (1,000,883) | - | - |
| | - | - | - | - |
| Cash and bank balances | 49,887,628 | 14,406,579 | 168,501 | 92,721 |
| Short term fund | 105,558 | 103,457 | - | - |
| Bank overdrafts (Note 20) | (61,383,578) | (57,783,587) | - | - |
| Escrow accounts | (2,030) | (2,040) | (2,030) | (2,040) |
| | (11,392,422) | (43,275,591) | 166,471 | 90,681 |

The short-term deposits of the Group amounting to RM824,298 (2019: RM1,000,883) 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 RM2,333,803 (2019: RM5,300,157) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

Included in cash and bank balances of the Group and of the Company is an amount of RM2,030 (2019: RM 2,040) 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 RM2,303 (2019: RM161,420) held in trust by a director of the Company.

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

| | Maturities | | Interest rates | |
|---|---|---|---|---|
| | 2020 Days | 2019 Days | 2020 % | 2019 % |
| **Group** | | | | |
| Short-term deposits | 30 - 365 | 30 - 365 | 1.30 - 3.40 | 2.80 - 3.60 |

## 16. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | Number of ordinary shares | | <---------------Amount---------------> | |
| | 2020 Units | 2019 Units | 2020 RM | 2019 RM |
| **Issued and fully paid up:** | | | | |
| At 1 January/ 31 December | 528,999,579 | 528,999,579 | 528,999,579 | 528,999,579 |

Effective from 31 January 2017, the 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 2020, the Company held 512,512 (2019: 512,512) ordinary shares as treasury shares at a carrying amount of RM970,157 (2019: RM970,157).

## 18. OTHER RESERVES

| | | Group | |
|---|---|---|---|
| | Note | 2020 RM | 2019 RM |
| Capital reserve | **(a)** | 26,578,054 | 26,578,054 |
| Translation reserve | **(b)** | 4,644,018 | 5,336,818 |
| | | 31,222,072 | 31,914,872 |

### (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 subsidiary whose functional currency is different from that of the Group's presentation currency.

**19. PERPETUAL SECURITIES**

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

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

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

The salient features of the Perpetual Securities are as follows:

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

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

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

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

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

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

During the financial year, the Company recognised coupon payment as distribution to the holders of perpetual securities of RM18,064,858.

## 20. LOANS AND BORROWINGS

| | Note | Group 2020 RM | 2019 RM |
|---|---|---|---|
| **Non-current:** | | | |
| Secured: | | | |
| Term loans | **(a)** | 318,691,980 | 267,080,899 |
| **Current:** | | | |
| Secured: | | | |
| Term loans | **(a)** | 30,486,869 | 23,060,832 |
| Revolving credits | **(b)** | 299,690,891 | 291,764,021 |
| Bank overdrafts (Note 15) | **(c)** | 61,383,578 | 57,783,587 |
| Bankers' acceptances | **(d)** | 4,293,053 | - |
| | | 395,854,391 | 372,608,440 |
| | | 714,546,371 | 639,689,339 |
| **Total loans and borrowings** | | | |
| Term loans | **(a)** | 349,178,849 | 290,141,731 |
| Revolving credits | **(b)** | 299,690,891 | 291,764,021 |
| Bank overdrafts (Note 15) | **(c)** | 61,383,578 | 57,783,587 |
| Bankers' acceptances | **(d)** | 4,293,053 | - |
| | | 714,546,371 | 639,689,339 |

### (a) Term loans

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

| | Repayment terms | Interest rate | Security | Amounts outstanding 2020 RM | 2019 RM |
|---|---|---|---|---|---|
| (i) | Repayable by 168 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM11,933, 49th to 84th instalment of RM14,709 and 85th to 167th instalment of RM14,709 and 168th installment of RM3,891,675 | 1.50% above bankers' cost of funds | Legal charge over certain investment properties of the Group* | 4,832,094 | 5,048,326 |

## 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 2020 RM | 2019 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* | 43,488,508 | 45,434,551 |
| (iii) | Repayable by 168 monthly instalments commencing on the 19 th 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* | 4,847,734 | 5,024,237 |
| (iv) | Repayable by 168 monthly instalments commencing on the 19 th 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* | 43,629,602 | 45,218,131 |
| (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 |
| (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# | 16,065,954 | 17,127,864 |

## 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 2020 RM | 2019 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# | 3,105,562 | 4,647,016 |
| (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# | 14,111,969 | 16,428,571 |
| (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# | 48,890,006 | 48,902,336 |
| (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# | 35,991,664 | 35,992,230 |
| (xi) | Repayable by 120 monthly instalments of RM400,000 commencing 1st from the date of first drawdown or by way of redemption, whichever is earlier | 1.50% above bankers' cost of funds | Legal charge over certain development land of the Group* | 134,215,756 | - |
| | | | | 349,178,849 | 290,141,731 |

* *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 3.72% to 8.00% (2019: 5.02% to 8.00%) per annum.

## 20. LOANS AND BORROWINGS (CONTINUED)

### (b) Revolving credits

The revolving credits of the Group bear interest at rates ranging from 3.50% to 5.98% (2019: 4.90% to 6.40%) 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 – land held for property development; and

(iii) corporate guarantee from the Company.

### (c) Bank overdrafts

Bank overdrafts of the Group bear interest at rates ranging from 3.76% to 7.17% (2019: 7.48% to 8.45%) 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.

### (d) Bankers' acceptances

The bankers; acceptances of the Group bear interest rates ranging from 4.52% to 4.60% (2019: Nil) per annum.

## 21. LEASE LIABILITIES

| | Group | |
|---|---|---|
| | **2020 RM** | **2019 RM** |
| **Non-current** | | |
| Lease liabilities | 4,638,166 | 61,992,275 |
| **Current** | | |
| Lease liabilities | 20,041,188 | 30,046,850 |
| | 24,679,354 | 92,039,125 |

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 2.13% to 5.76% (2019: 5.94% to 6.23%) per annum.

The weighted average incremental borrowing rate of the Group applied to other lease liabilities is 5.50% (2019: 5.50%) per annum.

Included in lease liabilities of the Group is an amount of RM5,635,530 (2019: RM35,456,620) payable to certain directors and persons related to certain directors of the Company.

## 21. LEASE LIABILITIES (CONTINUED)

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

| | Group 2020 RM | 2019 RM |
|---|---|---|
| Minimum lease payments: | | |
| Not later than one year | 20,695,663 | 34,200,966 |
| Later than one year and not later than 5 years | 5,317,022 | 68,287,211 |
| | 26,012,685 | 102,488,177 |
| Less: Future finance charges | (1,333,331) | (10,449,052) |
| Present value of minimum lease payments | 24,679,354 | 92,039,125 |
| Present value of minimum lease payments payable: | | |
| Not later than one year | 20,041,188 | 30,046,850 |
| Later than one year and not later than 5 years | 4,638,166 | 61,992,275 |
| | 24,679,354 | 92,039,125 |
| Less: Amount due within 12 months | (20,041,188) | (30,046,850) |
| Amount due after 12 months | 4,638,166 | 61,992,275 |

## 22. PROVISION

| | Group 2020 RM | 2019 RM |
|---|---|---|
| **Rectification work** | | |
| At 1 January | 429,459 | 665,438 |
| Recognised in profit or loss (Note 27) | 650,382 | 674,122 |
| Utilised during the financial year | (600,451) | (910,101) |
| At 31 December | 479,390 | 429,459 |

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% (2019: 0.2%) on the total contracted sum of completed contracts.

## 23. TRADE AND OTHER PAYABLES

| | Note | Group 2020 RM | Group 2019 RM | Company 2020 RM | Company 2019 RM |
|---|---|---|---|---|---|
| **Current:** | | | | | |
| **Trade** | | | | | |
| Trade payables | **(a)** | 81,732,470 | 72,095,448 | - | - |
| **Non-trade** | | | | | |
| Other payables | **(b)** | 177,555,721 | 146,063,544 | 1,314,913 | 335,827 |
| GST payable | | 48,158 | 115,912 | - | - |
| SST payable | | - | 591,395 | - | - |
| Deposits | | 23,905,694 | 23,140,418 | - | - |
| Accruals | | 17,111,719 | 14,394,508 | 39,643 | 82,807 |
| Amount owing to a director | **(c)** | 670,872 | 583,928 | 12,944 | 1,000 |
| Amount owing to subsidiaries | **(c)** | - | - | 164,635,630 | 7,841,015 |
| | | 219,292,164 | 184,889,705 | 166,003,130 | 8,260,649 |
| Total trade and other payables | | 301,024,634 | 256,985,153 | 166,003,130 | 8,260,649 |

### (a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 14 to 90 days (2019: 14 to 90 days).

Included in trade payables of the Group are amounts of:

(i) RM30,151 (2019: RM2,163,696) owing to companies related to certain directors of the Company which are under normal credit terms; and

(ii) RM5,703,411 (2019: RM3,645,358) being retention sums held by the Group. The retention sums are payable upon expiry of defect liability period as provided in the contracts with contractors.

### (b) Other payables

Included in other payables of the Group are:

(i) RM40,886,701 (2019: RM16,702,173) 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) RM1,369,698 (2019: RM656,248) landowners' entitlement pursuant to the joint venture agreements entered into with the landowners;

(iii) RM3,222,080 (2019: RM3,992,570) 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

## 23. TRADE AND OTHER PAYABLES (CONTINUED)

### (b) Other payables (Continued)

Included in other payables of the Group are: (Continued)

(iv) RM58,500,000 (2019: RM58,500,000) due to a third-party following revocation of land sales in previous financial years.

(v) RM18,211,618 (2019: RM9,464,654) of guarantee rental return ("GRR") in which amounts of RM7,377,803 (2019: RM7,763,163) are owing to certain directors and persons related to certain directors of the Company.

### (c) Deposits

Included in deposits of the Group are rental deposits amounting to RM3,626,043 (2019: RM8,298,270).

### (d) 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

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM** | **RM** |
| **Revenue from contract customers:** | | |
| Properties held for development | 19,030,000 | 2,782,500 |
| Properties under development | 70,235,456 | 181,171,958 |
| Completed properties | 46,659,920 | 102,966,367 |
| Construction contracts | 1,769,551 | - |
| Income from estates | 2,558,964 | 1,684,188 |
| Room sales, food and beverages | 18,063,672 | 55,279,057 |
| Sale of electricity | 6,212,197 | 7,691,957 |
| | 164,529,760 | 351,576,027 |
| **Revenue from other sources:** | | |
| Rental income from: | | |
| - properties | 14,661,826 | 12,664,739 |
| - plant and machinery | 709,762 | 1,767,862 |
| | 15,371,588 | 14,432,601 |
| | 179,901,348 | 366,008,628 |

## 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 |
|---|---|---|---|
| **Group - 2020** | | | |
| ***Major goods or services:*** | | | |
| Sale of properties held for development | 19,030,000 | - | 19,030,000 |
| Properties under development | 70,235,456 | - | 70,235,456 |
| Sale of completed properties | 46,659,920 | - | 46,659,920 |
| Construction services | 1,769,551 | - | 1,769,551 |
| Income from estates | 2,558,964 | - | 2,558,964 |
| Room sales, food and beverages | - | 18,063,672 | 18,063,672 |
| Sale of electricity | 6,212,197 | - | 6,212,197 |
| | 146,466,088 | 18,063,672 | 164,529,760 |
| ***Timing of revenue recognition:*** | | | |
| At a point in time | 68,248,884 | 18,063,672 | 86,312,556 |
| Over time | 78,217,204 | - | 78,217,204 |
| | 146,466,088 | 18,063,672 | 164,529,760 |
| **Group - 2019** | | | |
| ***Major goods or services:*** | | | |
| 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 |
| ***Timing of revenue recognition:*** | | | |
| At a point in time | 107,433,055 | 55,279,057 | 162,712,112 |
| Over time | 188,863,915 | - | 188,863,915 |
| | 296,296,970 | 55,279,057 | 351,576,027 |

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

As of 31 December 2020, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM143,111,668 (2019: RM182,992,422) 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

| | Group 2020 RM | Group 2019 RM |
|---|---|---|
| Cost of properties held for development sold | 5,205,458 | 1,380,649 |
| Cost of properties under development | 33,013,435 | 69,294,202 |
| Cost of completed properties sold | 36,176,445 | 67,006,419 |
| Cost of construction services | 472,762 | 2,716,611 |
| Cost of electricity | 5,684,862 | 6,553,225 |
| Direct operating expenses of: | | |
| - plant and machinery | 313,445 | 164,021 |
| Cost of estates | 719,738 | 1,100,955 |
| Hotel and other operation costs: | | |
| - depreciation of right-of-use assets | 8,088,133 | 12,199,966 |
| - expense relating to variable lease payments not included in the measurement of lease liabilities | 1,466 | 6,661,332 |
| - others | 17,900,170 | 35,820,108 |
| | 107,575,914 | 202,897,488 |

## 26. FINANCE COSTS

| | Group 2020 RM | Group 2019 RM |
|---|---|---|
| Interest expense on: | | |
| - term loans | 19,864,966 | 15,395,442 |
| - revolving credits | 10,721,473 | 19,037,241 |
| - bank overdrafts | 3,322,710 | 5,648,559 |
| - lease liabilities | 4,127,427 | 5,297,463 |
| | 38,036,576 | 45,378,705 |

## 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 2020 RM | Group 2019 RM | Company 2020 RM | Company 2019 RM |
|---|---|---|---|---|
| Auditors' remuneration | | | | |
| - statutory audit | | | | |
| - current year | 311,900 | 363,700 | 89,250 | 86,250 |
| - prior year | (37,100) | 3,000 | 2,750 | - |
| - non-statutory audit | 13,000 | 12,000 | 8,000 | 7,000 |
| Bad debts written off | 39,145 | 233,167 | - | - |
| Depreciation of investment properties | 4,966,402 | 4,858,567 | - | - |
| Depreciation of property, plant and equipment | 2,014,755 | 2,578,119 | - | - |
| Depreciation of right-of-use assets | | | | |
| - included in cost of sales | 8,088,133 | 12,199,966 | - | - |
| - included in administrative expenses | 6,949,473 | 4,280,688 | - | - |
| Direct operating expenses: | | | | |
| - income generating investment properties | 1,314,387 | 1,547,337 | - | - |
| - non-income generating investment properties | 614,640 | 994,281 | - | - |
| Employee benefits expense (Note 28) | 36,579,078 | 44,433,376 | - | - |
| Expense relating to lease of low value assets | 126,979 | 195,544 | - | - |
| Expense relating to short-term leases | 4,362,643 | 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 | - | - |
| - included in administrative expenses | 893,532 | - | - | - |
| Impairment losses on: | | | | |
| - property, plant and equipment (Note 5) | - | 455,338 | - | - |
| - right-of-use assets (Note 6) | 7,571,166 | 640,443 | - | - |
| - trade receivables (Note 13) | 3,851,470 | 6,455,863 | - | - |
| - other receivables (Note 13) | 2,338,791 | 6,150,098 | - | - |
| - amount owing by subsidiaries (Note 13) | - | - | 4,615,196 | - |
| - investment in subsidiaries (Note 10) | - | - | 4,791,200 | 2,261,309 |

## 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):

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Inventories written off | 189,076 | 207,404 | - | - |
| Loss on disposal of right-of-use assets | - | 134,100 | - | - |
| Non-executive directors' remuneration (Note 34) | 303,238 | 314,038 | 303,238 | 314,038 |
| Property, plant and equipment written off | 10,153 | 162,486 | - | - |
| Provision for rectification works (Note 22) | 650,382 | 674,122 | - | - |
| Gain on disposal of property, plant and equipment | - | (1,988,850) | - | - |
| Income from subleasing right-of-use assets | (885,870) | (455,634) | - | - |
| Income relating to variable lease payments | (171,876) | (1,977,700) | - | - |
| Interest income | (1,630,215) | (1,189,696) | - | (387,529) |
| Profit from sale of building materials | (233,973) | (615,410) | - | - |
| Unrealised foreign exchange gain | (585,641) | - | - | - |
| Gain on termination of leases | (26,103,947) | - | - | - |
| Rental income from properties | | | | |
| - included in revenue | (14,661,826) | (12,664,739) | - | - |
| - included in other income | (12,783,275) | (14,431,495) | - | - |
| Rental income from plant and machineries | | | | |
| - included in revenue | (709,762) | (1,767,862) | - | - |
| - included in other income | - | - | - | - |
| Reversal of impairment losses on: | | | | |
| - trade receivables (Note 13) | (2,088,947) | (1,286,502) | - | - |
| - other receivables (Note 13) | (21,421) | (51,617) | - | - |

## 28. EMPLOYEE BENEFITS EXPENSE

| | Group 2020 RM | Group 2019 RM |
|---|---|---|
| Recognised in profit or loss: | | |
| Salaries, bonus and other staff related costs | 31,074,850 | 39,416,105 |
| Employees Provident Fund | 5,268,186 | 4,738,812 |
| SOCSO | 236,042 | 278,459 |
| | 36,579,078 | 44,433,376 |
| Included in employee benefits expenses are: | | |
| Directors' other emoluments | 10,097,170 | 10,358,432 |

## 29. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2020 and 2019 are as follows:

| | Group 2020 RM | Group 2019 RM | Company 2020 RM | Company 2019 RM |
|---|---|---|---|---|
| **Statements of comprehensive income** | | | | |
| **Current tax:** | | | | |
| Current income tax charge | 15,991,108 | 19,151,604 | - | - |
| Adjustment in respect of prior years | 1,651,649 | (4,349,478) | - | - |
| | 17,642,757 | 14,802,126 | - | - |
| **Deferred tax:** | | | | |
| (Reversal)/Origination of temporary differences | (6,920,080) | 844,697 | - | - |
| Adjustment in respect of prior years | (585,847) | 3,198,486 | - | - |
| | (7,505,927) | 4,043,183 | - | - |
| Income tax expense recognised in profit or loss | 10,136,830 | 18,845,309 | - | - |

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2019: 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:

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **RM** | **RM** | **RM** | **RM** |
| Profit/(Loss) before tax | 16,942,162 | 59,930,500 | (10,277,960) | (2,715,341) |
| Tax at Malaysian statutory income tax rate of 24% (2019: 24%) | 4,066,100 | 14,383,300 | (2,466,700) | (651,700) |
| Non-deductible expenses | 5,438,270 | 6,690,428 | 2,466,700 | 651,700 |
| Non-taxable income | (1,644,564) | (721,724) | - | - |
| Origination of deferred tax assets during the year | (1,414,114) | - | - | - |
| Deferred tax assets not recognised | 2,625,336 | 1,231,625 | - | - |
| Reduction in deferred tax assets not recognised | - | (1,587,328) | - | - |
| Adjustment in respect of prior years: | | | | |
| - current tax | 1,651,649 | (4,349,478) | - | - |
| - deferred tax | (585,847) | 3,198,486 | - | - |
| Income tax expense | 10,136,830 | 18,845,309 | - | - |

## 30. (LOSS)/EARNINGS PER SHARE

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

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM** | **RM** |
| Profit for the financial year attributable to owners of the Company | 6,805,332 | 41,085,191 |
| Less: Distribution to holders of perpetual securities | (20,579,277) | (7,206,200) |
| (Loss)/Profit attributable to ordinary equity holders of the Company | (13,773,945) | 33,878,991 |
| | **2020** | **2019** |
| | **Units** | **Units** |
| Weighted average number of ordinary shares for basic earnings per share* | 528,487,067 | 528,487,067 |

## 30. (LOSS)/EARNINGS PER SHARE (CONTINUED)

| | 2020<br>Sen | 2019<br>Sen |
|---|---|---|
| Basic (loss)/earnings per ordinary share | (2.61) | 6.41 |

* 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 (loss)/earnings per share is the same as the basic (loss)/earnings per share.

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

## 31. DIVIDEND

| | Group and Company | |
|---|---|---|
| | **2020**<br>**RM** | **2019**<br>**RM** |
| **Recognised during the financial year:** | | |
| Dividend on ordinary shares: | | |
| Cash dividend:<br>- Final single tier dividend of 2.5 sen per ordinary share for the financial year ended 31 December 2019 | 13,212,194 | - |

## 32. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

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

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

| | Carrying amount RM | FVPL RM | Amortised cost RM |
|---|---|---|---|
| **At 31 December 2020** | | | |
| **Financial assets** | | | |
| **Group** | | | |
| Trade and other receivables # | 120,174,520 | - | 120,174,520 |
| Cash and short-term deposits | 50,817,484 | 105,558 | 50,711,926 |
| | 170,992,004 | 105,558 | 170,886,446 |
| **Company** | | | |
| Trade and other receivables # | 4,732,563 | - | 4,732,563 |
| Cash and short-term deposits | 168,501 | - | 168,501 |
| | 4,901,064 | - | 4,901,064 |
| **Financial liabilities** | | | |
| **Group** | | | |
| Loans and borrowings | 714,546,371 | - | 714,546,371 |
| Lease liabilities | 24,679,354 | - | 24,679,354 |
| Trade and other payables # | 300,976,476 | - | 300,976,476 |
| | 1,040,202,201 | - | 1,040,202,201 |
| **Company** | | | |
| Trade and other payables # | 166,003,130 | - | 166,003,130 |
| **At 31 December 2019** | | | |
| **Financial assets** | | | |
| **Group** | | | |
| Trade and other receivables # | 126,988,523 | - | 126,988,523 |
| Cash and short-term deposits | 15,510,919 | 103,457 | 15,407,462 |
| | 142,499,442 | 103,457 | 142,395,985 |
| **Company** | | | |
| Trade and other receivables # | 3,841,880 | - | 3,841,880 |
| Cash and short-term deposits | 92,721 | - | 92,721 |
| | 3,934,601 | - | 3,934,601 |

## 32. FINANCIAL INSTRUMENTS (CONTINUED)

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

| | Carrying amount RM | FVPL RM | Amortised cost RM |
|---|---|---|---|
| **At 31 December 2019 (Continued)** | | | |
| **Financial liabilities** | | | |
| **Group** | | | |
| 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 |
| | 988,006,310 | - | 988,006,310 |
| **Company** | | | |
| Trade and other payables # | 8,260,649 | - | 8,260,649 |

\# *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 2020 and 2019 are as follows:

| | Gross carrying amount RM | ECL allowance RM | Net balance RM |
|---|---|---|---|
| **Group** | | | |
| **At 31 December 2020** | | | |
| **Trade receivables** | | | |
| Current (not past due) | 24,154,165 | - | 24,154,165 |
| 1 to 30 days past due | 8,130,043 | - | 8,130,043 |
| 31 to 60 days past due | 6,478,386 | - | 6,478,386 |
| 61 to 90 days past due | 8,005,715 | - | 8,005,715 |
| 91 to 120 days past due | 7,766,650 | - | 7,766,650 |
| 121 to 150 days past due | 4,812,805 | - | 4,812,805 |
| More than 151 days past due | 47,411,735 | - | 47,411,735 |
| Credit impaired: | | | |
| - Individually assessed | 11,052,153 | (11,052,153) | - |
| **Contract assets** | | | |
| Current (not past due) | 15,850,600 | - | 15,850,600 |
| | 133,662,252 | (11,052,153) | 122,610,099 |

**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 2020 and 2019 are as follows (Continued):

| | Gross carrying amount RM | ECL allowance RM | Net balance RM |
|---|---|---|---|
| **Group (Continued)** | | | |
| **At 31 December 2019** | | | |
| **Trade receivables** | | | |
| 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) | - |
| **Contract assets** | | | |
| Current (not past due) | 720,833 | - | 720,833 |
| | 123,972,117 | (9,328,775) | 114,643,342 |

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 RM714,546,371 (2019: RM639,689,339) 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 2020, the Group's current liabilities exceeded its current assets by RM301,643,832 (2019: RM158,907,299) and the Group had short-term payables and accruals and borrowings (including lease liabilities) of RM301,024,634 and RM415,895,579 (2019: RM256,985,153 and RM402,655,290) 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 future cash flows from operations and funding including unutilised funding facilities in supporting the management of liquidity risk to ensure 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.

<u>Maturity analysis</u>

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:

| | | I-------------------- Contractual cash flows --------------------I | | | |
|---|---|---|---|---|---|
| | **Carrying amount RM** | **On demand or within one year RM** | **Between one to five years RM** | **More than five years RM** | **Total RM** |
| **Group** | | | | | |
| **At 31 December 2020** | | | | | |
| Trade and other payables | 300,976,476 | 300,976,476 | - | - | 300,976,476 |
| Term loans | 349,178,849 | 55,475,977 | 264,588,345 | 91,220,028 | 411,284,350 |
| Lease liabillities | 24,679,354 | 20,695,663 | 5,317,022 | - | 26,012,685 |
| Revolving credits | 299,690,891 | 300,297,685 | - | - | 300,297,685 |
| Bank overdrafts | 61,383,578 | 61,383,578 | - | - | 61,383,578 |
| Bankers' acceptances | 4,293,053 | 4,293,053 | - | - | 4,293,053 |
| | 1,040,202,201 | 743,122,432 | 269,905,367 | 91,220,028 | 1,104,247,827 |
| **At 31 December 2019** | | | | | |
| 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 liabillities | 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 |
| | 988,006,310 | 680,133,222 | 362,159,583 | 19,158,825 | 1,061,451,630 |

## 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):

| | | I---- Contractual cash flows ----I | | | |
|---|---|---|---|---|---|
| | **Carrying amount RM** | **On demand or within one year RM** | **Between one to five years RM** | **More than five years RM** | **Total RM** |
| **Company** | | | | | |
| **At 31 December 2020** | | | | | |
| Trade and other payables | 166,003,130 | 166,003,130 | - | - | 166,003,130 |
| Financial guarantee contracts | - | 714,546,371 | - | - | 714,546,371 |
| | 166,003,130 | 880,549,501 | - | - | 880,549,501 |
| **At 31 December 2019** | | | | | |
| Trade and other payables | 8,260,649 | 8,260,649 | - | - | 8,260,649 |
| Financial guarantee contracts | - | 639,689,339 | - | - | 639,689,339 |
| | 8,260,649 | 647,949,988 | - | - | 647,949,988 |

#### (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.

| | | Group | |
|---|---|---|---|
| | **Change in basis points %** | **Effect on profit for the financial year RM** | **Effect on equity RM** |
| **31 December 2020** | 25 | (1,343,600) | (1,343,600) |
| | (25) | 1,343,600 | 1,343,600 |
| **31 December 2019** | 25 | (1,206,600) | (1,206,600) |
| | (25) | 1,206,600 | 1,206,600 |

**(c) Fair value measurement**

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

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

As at 31 December 2020 and 2019, the Group held the following assets and liabilities carried at fair value:

**Asset measured at fair value**

| | **Fair value RM** | **Level 1 RM** | **Level 2 RM** | **Level 3 RM** |
|---|---|---|---|---|
| **Group** | | | | |
| **At 31 December 2020** | | | | |
| **Financial asset** | | | | |
| Cash and short-term deposits | | | | |
| Short term fund - redeemable at call | 105,558 | 105,558 | - | - |
| **At 31 December 2019** | | | | |
| **Financial asset** | | | | |
| Cash and short-term deposits | | | | |
| Short term fund - redeemable at call | 103,457 | 103,457 | - | - |

There have been no transfers between Level 1 and Level 2 during the financial year (2019: no transfer in either directions).

## 33. COMMITMENTS

### Operating lease commitments – as lessor

The Group leases its properties which are freehold land with shopping complexes and a school building with non-cancellable lease terms of 10 years. The lease may be renewed for a further 3 terms 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** | |
|---|---|---|
| | **2020** | **2019** |
| | **RM** | **RM** |
| Not later than one year | 21,653,935 | 23,219,297 |
| More than one year and not later than five years | 21,507,996 | 38,716,827 |
| More than five years | 968,328 | 9,487,836 |
| | 44,130,259 | 71,423,960 |

## 34. RELATED PARTIES

### (a) Identity of related parties

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

Related parties of the Group include:

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

## 34. RELATED PARTIES (CONTINUED)

### (b) Significant related party transactions

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

| **(Received and receivable from)/ Paid and payable to related parties** | | **Group 2020 RM** | **Group 2019 RM** |
|---|---|---|---|
| **Directors related companies/firm** | **Transactions** | | |
| Actual Future Sdn. Bhd. | Rental of office | - | 75,199 |
| Various Promotion Sdn. Bhd. | Purchase of construction materials | 99,453 | 202,482 |
| | Estate maintenace paid | 45,762 | - |
| Rapid Synergy Bhd. | Rental of properties | 348,900 | 356,820 |
| Kar Sin Hardware Sdn. Bhd. | Rental of equipment and transportation cost | 2,842,371 | 2,804,401 |
| Kar Sin Ready Mix Sdn. Bhd. | Purchase of construction materials | 456,018 | 640,044 |
| | Rental of machinery | (348,000) | (348,538) |
| N.A.B. Holdings Bhd. | Rental of equipment and transportation cost | 112,320 | 182,499 |
| Mutual Boundary Sdn. Bhd. | Purchase of construction materials | - | 10,366 |
| | Rental payable | 186,484 | 149,796 |
| Yu & Associates | Legal services | 3,426,569 | 2,941,319 |
| | Rental income of office premise | (36,000) | (36,000) |
| Caldera Machinery Sdn. Bhd. | Rental of equipment | 11,287 | - |
| | Rental income of equipment | (109,627) | (193,352) |
| Kar Sin Premium Sdn. Bhd. | Rental income of properties | (336,000) | (336,000) |
| | Sale of construction materials | (10,194) | (19,326) |
| Halim & Yu Sdn. Bhd. | Billings in relation to room sales, food and beverages | (44,819) | - |
| | Renovation works | - | (35,947) |
| Pearl Total Sdn. Bhd. | Rental of premises | 73,740 | 73,740 |

## 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 2020 RM** | **Group 2019 RM** |
|---|---|---|---|
| **Directors related companies/firm** | **Transactions** | | |
| Caldera Construction Sdn. Bhd. | Rental income of equipment | - | (660,396) |
| | Purchase of construction materials | - | 77,585 |
| | Sale of construction materials | (116,119) | (156,831) |
| | Upkeep of plant and machineries | (3,360) | - |
| Good Intensive Sdn. Bhd. | Sale of construction materials | (5,606) | (7,120) |
| Six Pack Fitness Sdn. Bhd. | Rental income of properties | (4,388) | (255,600) |
| | Sale of materials | - | (37,069) |
| Simbolik Tuah Sdn. Bhd. | Billings in relation to sale of properties | (12,592,600) | - |
| Teh & Yu Associate | Legal services | 194,194 | - |
| Tanah Trio Sdn. Bhd. | Rental income of properties | (392,288) | - |
| **Directors** | | | |
| - directors | Legal services | - | 176,970 |
| | Guarantee return payable | 7,022,184 | 9,280,176 |
| | Termination of leases | (21,824,432) | - |
| - persons related to directors | Billings in relation to sale of properties | (3,187,600) | (4,054,000) |
| | Employee benefits | 7,729,191 | 7,909,367 |

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

(i) Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT, who is the managing director and major shareholder of YNH Property Bhd., owns 85% equity interest in Kar Sin Hardware Sdn. Bhd. and 75% equity interest in N.A.B Holdings Sdn. Bhd.

(ii) Kar Sin Ready Mix Sdn. Bhd. is a company in which Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT holds 50% equity interest and Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS holds the remaining 50% equity interest.

**34. RELATED PARTIES (CONTINUED)**

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

Companies related to directors: (Continued)

(iii) Yu & Associates is a solicitor firm owned by a sibling of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT and Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS.

(iv) Rapid Synergy Bhd. is a company in which Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS is a non-independent non-executive director.

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

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

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

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

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

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

(xi) Kar Sin 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.

## 34. RELATED PARTIES (CONTINUED)

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

Companies related to directors: (Continued)

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

(xx) Tanah Trio Sdn. Bhd. is a company in which the son of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT owns 50% equity interest.

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

(xxii) Teh & Yu Associate is a solicitor firm owned by the daughter 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.

### (c) Compensation of key management personnel

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 RM** | **2019 RM** | **2020 RM** | **2019 RM** |
| **Executive:** | | | | |
| Salaries and other emoluments | 8,485,008 | 8,755,932 | - | - |
| Employees Provident Fund | 1,612,162 | 1,535,400 | - | - |
| Total executive directors' remuneration (excluding benefits-in-kind) (Note 28) | 10,097,170 | 10,291,332 | - | - |
| Estimated monetary value of benefits-in-kind | 24,800 | 67,100 | - | - |
| Total executive directors' remuneration (including benefits-in-kind) | 10,121,970 | 10,358,432 | - | - |
| **Non-executive:** | | | | |
| Fees | 152,830 | 152,830 | 152,830 | 152,830 |
| Other emoluments | 150,408 | 161,208 | 150,408 | 161,208 |
| Total non-executive directors' emoluments | 303,238 | 314,038 | 303,238 | 314,038 |
| | 10,425,208 | 10,672,470 | 303,238 | 314,038 |

## 35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, share buyback, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

The Group monitors capital using gearing ratio. The gearing ratio is calculated as total debts (including trade and other payables, and lease liabilities) divided by total equity. The gearing ratio as at 31 December 2020 and 31 December 2019 are as follows:

| | | Group | |
|---|---|---|---|
| | **Note** | **2020 RM** | **2019 RM** |
| Loans and borrowings | **20** | 714,546,371 | 639,689,339 |
| Lease liabilities | **21** | 24,679,354 | 92,039,125 |
| Trade and other payables | **23** | 301,024,634 | 256,985,153 |
| Total debts | | 1,040,250,359 | 988,713,617 |
| Total equity | | 1,232,983,364 | 1,172,653,038 |
| Gearing ratio | | 84% | 84% |

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 DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

### COVID-19 pandemic

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 18 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") followed by Recovery MCO and Conditional MCO to curb the spread of COVID-19 outbreak in Malaysia. On 12 May 2021, in view of the rising number of infections, the Malaysian Government re-imposed the MCO nationwide. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

During the financial year, the COVID-19 outbreak had adversely impacted the operations and financial performance of the Group as the MCO and other imposed restrictions delayed both the ongoing and planning of upcoming projects as well as resulted in the low occupancy rates for its hotel and hospitality business.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 December 2021 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

## 37. RECLASSIFICATION

In the previous financial year, deposits for joint venture and turnkey contracts were included in other non-current asset. During the current financial year, the nature of this security deposits was reassessed and reclassified as inventories. Accordingly, the comparative figures have been reclassified to conform with the current financial year's presentation.

The reclassification has no effect on net current assets, net assets and profit of the Group.

Details of the reclassifications are as follows:

| | As previously reported RM | Reclassification RM | As reclassified RM |
|---|---|---|---|
| **Statement of Financial Position** | | | |
| **As at 31.12.2019** | | | |
| Non-current assets | | | |
| Inventories | 348,394,115 | 737,224,140 | 1,085,618,255 |
| Other non-current asset | 737,224,140 | (737,224,140) | - |
| **As at 1.1.2019** | | | |
| Non-current assets | | | |
| Inventories | 358,328,811 | 511,197,470 | 869,526,281 |
| Other non-current asset | 511,197,470 | (511,197,470) | - |
| **Cash flows from investing activities** | | | |
| **As at 31.12.2019** | | | |
| Properties held for development - net of disposals/revocation | (10,738,145) | (226,026,670) | (236,764,815) |
| Payments of joint venture and turnkey contracts deposits | (226,026,670) | 226,026,670 | - |

## 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 | |
|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | | 2020 | 2019 |
| | RM | RM | RM | RM | RM | RM | | RM | RM |
| **Revenue:** | | | | | | | | | |
| External customers | 161,837,676 | 310,729,571 | 18,063,672 | 55,279,057 | - | - | | 179,901,348 | 366,008,628 |
| Inter-segment | - | - | - | - | - | - | **A** | - | - |
| | 161,837,676 | 310,729,571 | 18,063,672 | 55,279,057 | - | - | | 179,901,348 | 366,008,628 |
| **Results:** | | | | | | | | | |
| Interest income | 1,630,215 | 1,189,696 | 1,157,151 | 400,648 | (1,157,151) | (400,648) | **B** | 1,630,215 | 1,189,696 |
| Depreciation | 12,642,525 | 10,684,532 | 9,376,238 | 13,232,808 | - | - | | 22,018,763 | 23,917,340 |
| Finance costs | 36,029,097 | 42,359,016 | 2,007,479 | 3,019,689 | - | - | **B** | 38,036,576 | 45,378,705 |
| Other non-cash expenses/(income) | (21,363,519) | 7,925,000 | 7,571,166 | 5,275,231 | - | - | **C** | (13,792,353) | 13,200,231 |
| Segment profit | 26,801,141 | 55,375,206 | (9,858,979) | 4,555,294 | - | - | | 16,942,162 | 59,930,500 |
| **Assets:** | | | | | | | | | |
| Additions to non-current assets other than financial instruments and deferred tax assets | 240,508,267 | 260,210,761 | 137,238 | 1,770 | - | - | **D** | 240,645,505 | 260,212,531 |
| Segment assets | 2,247,479,397 | 2,125,513,359 | 232,185,581 | 207,399,680 | - | - | | 2,479,664,978 | 2,332,913,039 |
| **Liabilities:** | | | | | | | | | |
| Segment total liabilities | 1,186,050,359 | 1,092,567,541 | 60,631,255 | 67,692,460 | - | - | | 1,246,681,614 | 1,160,260,001 |

**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:

| | 2020<br>RM | 2019<br>RM |
|---|---|---|
| Inter-segment interest | 1,157,151 | 400,648 |

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

| | 2020<br>RM | 2019<br>RM |
|---|---|---|
| Property, plant and equipment written off | 10,153 | 162,486 |
| Impairment losses on property, plant and equipment | - | 455,338 |
| Impairment losses on right-of-use assets | 7,571,166 | 640,443 |
| Impairment loss on trade and other receivables | 6,190,261 | 12,605,961 |
| Provision for rectification works | 650,382 | 674,122 |
| Reversal of impairment loss on trade and other receivables | (2,110,368) | (1,338,119) |
| Gain on termination of leases | (26,103,947) | - |
| | (13,792,353) | 13,200,231 |

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

| | 2020<br>RM | 2019<br>RM |
|---|---|---|
| Inventories- properties held for development | 233,972,000 | 246,418,794 |
| Property, plant and equipment | 2,309,157 | 898,261 |
| Right-of-use assets | 3,182,209 | 12,864,580 |
| Investment properties | 1,182,139 | 30,896 |
| | 240,645,505 | 260,212,531 |

<u>Geographical information</u>

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

<u>Information about major customers</u>

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

**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 36 to 129 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 2020 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: 28 May 2021

*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 36 to 129 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 28 May 2021.

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 2020 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 significant accounting policies, as set out on pages 36 to 129.

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 2020, 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 (including International Independence Standards)* ("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**

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

During the financial year, the Group derecognised certain right-of-use assets and lease liabilities following termination of leases, and also recognised impairment loss on its right-of-use assets. We focused on this area because of the significant amount of the effect from the derecognition and the determination of recoverable amount required the exercise of significant judgements and estimates by the directors.

**Our audit response:**
Our audit procedures included, among others:
- reading the salient terms of the termination agreements of the leases;
- obtaining an understanding on and assessing the judgement and estimates made by the Group on the computation of the gain on derecognition of the leases and impairment loss; and
- testing the mathematical accuracy of the computation of the effect of derecognition of right-of-use assets and lease liabilities, and the impairment loss on right-of-use assets recognised during the financial year.

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

The Group has significant goodwill on consolidation. The goodwill is tested for impairment annually. We focused on this area because the impairment assessment requires the exercise of significant judgements and estimates by the directors on the discount rate applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, 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)**

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

The amount of revenue and corresponding costs of the Group's property development activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of costs incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the potential exposure to liquidated and ascertained damages. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

**Our response:**
Our audit procedures included, among others:

- understanding the Group's process in recording project budget and the calculation of the progress towards complete satisfaction of performance obligation;
- comparing the Group's major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with project managers/directors;
- assessing the computed progress towards complete satisfaction of performance obligation for identified projects against architect certificate or consultant certificate; and
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year.

**Funding requirements and ability to meet short-term obligations (Note 4(d) and 32(b)(ii) to the financial statements)**

As at 31 December 2020, included in the Group's current liabilities are short-term payables and accruals of RM301,024,634 and short-term borrowings (including lease liabilities) of RM415,895,579. 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 RM301,643,832.

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 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)**

**<u>Company</u>**

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.

**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: 28 May 2021

# LIST OF PROPERTIES

| Location | Description Property | Remaining Land Area @ 31.12.20 (acres) | Existing use/ Proposed Usage | Tenure (years) | NBV @ 31.12.20 (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 | 4,214,000 | 2001 |
| Lot 2795, Mukim Lumut, Daerah Manjung, Perak | Property, plant and equipment | 25.00 | Agricultural/ for investment | Freehold | 15,260,000 | 2001 |
| Lot 36480 & Lot 36481, Sungai Terap, Perak | Property, plant and equipment | 25.32 | Agricultural/ for investment | Leasehold (28.11.2109) | 2,179,000 | 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) | 32,762,000 | 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) | 1,905,000 | 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 | 5,808,000 | 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 with mixed development | Freehold | 11,720,000 | 2001 |
| PT2796, Mukim Lumut, Perak | Vacant land approved for development | 12.68 | Proposed commercial development | Freehold | 4,032,000 | 2001 |

** Year of Acquisition*

## LIST OF PROPERTIES (cont'd)

| Location | Description Property | Remaining Land Area @ 31.12.20 (acres) | Existing use/ Proposed Usage | Tenure (years) | NBV @ 31.12.20 (RM) | Year of Acquisition/ Last Revaluation |
|---|---|---|---|---|---|---|
| Entry No.1577 Lot 712 Mukim Lumut, Perak<br>Entry No. 1380 Lot 1387 Mukim Lumut, Perak | Planted with oil palm tree and approved for development | -<br>4.78 | Proposed mixed development – commercial and residential | Freehold<br>Freehold | 468,000 | 2001 |
| HS (D) Dgs 1203/78 Lot 2740 Mukim Pengkalan Bharu, Perak<br>HS (D) Dgs 1204/78 Lot 2741 Mukim Pengkalan Bharu, Perak | Planted with oil palm tree and approved for development | 7.88 | Taman Suria, Pantai Remis – commercial and residential | Freehold<br>Freehold | 1,335,000 | 2001 |
| Geran 36493, Lot 495 & Geran 36944, Lot 496, Town of Lumut, Daerah Manjung, Perak | Vacant Land and approved for development | 0.70 | Proposed mixed development – commercial and residential | Freehold | 1,230,000 | 2001 |
| CT 17320 Lot 117 Town of Lumut, Perak | Vacant Land and approved for development | 0.83 | Proposed mixed development – commercial and residential | Freehold | 541,000 | 2001 |
| EMR 379 Lot 380 Mukim Pengkalan Bharu, Perak | Vacant Land and approved for development | 1.37 | Proposed mixed development | Freehold | 359,000 | 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 | 2,869,000 | 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 | 418,000 | 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 | 1,413,000 | 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 @ 31.12.20 (acres) | Existing use/ Proposed Usage | Tenure (years) | NBV @ 31.12.20 (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 | - | Proposed development – commercial | Freehold | 316,000 | 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<br>Geran 7274 Lot 14855 Mukim Sitiawan (Old Lot No. 34043) (Lot 31656) Perak<br>Geran 7276 Lot 14857 Mukim Sitiawan (Old Lot No. 34045)(Lot 21658) Perak | Vacant Land and approved for development | 23.87 | Taman Limbungan, Kg. Acheh, Sitiawan – commercial and residential | Freehold | 5,951,000 | 2001 |
| GM 375 & 376 Lot 6493 & 6494 Mukim Lumut (Old EMR No. 2424 Lot 4275), Perak | Vacant Land and approved for development | 1.12 | Proposed development – commercial | Freehold | 720,000 | 2001 |

** Year of Acquisition*

# LIST OF PROPERTIES (cont'd)

| Location | Description Property | Remaining Land Area @ 31.12.20 (acres) | Existing use/ Proposed Usage | Tenure (years) | NBV @ 31.12.20 (RM) | Year of Acquisition/ Last Revaluation |
|---|---|---|---|---|---|---|
| EMR 9488 Lot 9187 Mukim Sitiawan, Perak | Vacant Land and approved for development | 0.51 | Proposed mixed development – commercial and residential | Freehold | 63,000 | 2001 |
| HS (M) 1528 PT1728 Mukim Sitiawan, Perak | Vacant Land and approved for development | | Proposed mixed development – commercial and residential | Freehold | 49,000 | 2001 |
| PT22973-PT22975, Bandar Baru, Sri Manjung, Perak - Commercial Complex | Vacant Land and approved for development | 0.38 | Commercial Land, Jalan Lumut, Sri Manjung | 99 years (25.2.2101) | 602,000 | 2001 |
| - Shops unit | | 0.08 | Commercial | 99 years (25.2.2101) | 73,000 | 2001 |
| Lot 246 Village of Pekan Gurney, Perak | Vacant Land and approved for development | 2.90 | Taman Delima, Ayer Tawar – residential | Freehold | 439,000 | 2001 |
| Lot 4818 Mukim Lumut HS (D) Dgs 3618-3663 (Lot 10685)-Hawker Center Perak | Vacant Land and approved for development | 2.27 | Taman Samudera, Sri Manjung – commercial and residential | 99 years (29.9.2094) | 3,514,000 | 2001 |
| Geran 18770 Lot 3335 Mukim Pengkalan Bharu Perak | Vacant Land and approved for development | 18.20 | Taman Bintang, Pantai Remis – commercial and residential | Freehold | 3,059,000 | 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, (Lot 1791), Lot 1145-1147 (Trong), Perak | Vacant Land and approved for development | 1.53 | Taman Seri Trong Perak, Taiping – commercial | Freehold | 512,000 | 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 | 2,568,000 | 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 @ 31.12.20 (acres) | Existing use/ Proposed Usage | Tenure (years) | NBV @ 31.12.20 (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) | 4,818,000 | 2001 |
| Lot 803, EMR1616, Mukim Sitiawan, Daerah Manjung, Perak | Vacant Land and approved for development | 2.97 | Proposed mixed development | Freehold | 1,277,000 | 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 * |
| PT 11202 & PT 11388, Mukim Bentong, Pahang Darul Makmur | Vacant land | 91.49 | Proposed mixed development and resort development | Freehold | 19,154,000 | 2008 * |

** Year of Acquisition*

## LIST OF PROPERTIES (cont'd)

| Location | Description Property | Remaining Land Area @ 31.12.20 (acres) | Existing use/ Proposed Usage | Tenure (years) | NBV @ 31.12.20 (RM) | Year of Acquisition/ Last Revaluation |
|---|---|---|---|---|---|---|
| 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) | 4,029,000 | 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 * |
| 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 | 32,660,000 | 2012 * |

** Year of Acquisition*

# LIST OF PROPERTIES (cont'd)

| Location | Description Property | Remaining Land Area @ 31.12.20 (acres) | Existing use/ Proposed Usage | Tenure (years) | NBV @ 31.12.20 (RM) | Year of Acquisition/ Last Revaluation |
|---|---|---|---|---|---|---|
| Lot 4958, Mukim Sayung, Kuala Kangsar | Vacant land | 1.65 | Residential development | Freehold | 397,000 | 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 | 432,000 | 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 | 308,000 | 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 * |
| 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 |

** Year of Acquisition*

## LIST OF PROPERTIES (cont'd)

| Location | Description Property | Remaining Land Area @ 31.12.20 (acres) | Existing use/ Proposed Usage | Tenure (years) | NBV @ 31.12.20 (RM) | Year of Acquisition/ Last Revaluation |
|---|---|---|---|---|---|---|
| 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 | 1,504,000 | 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 | 27,756,000 | 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 |
| Lot 4818 (behind office land - 24 shops land), Perak | Development properties | | Proposed development of commercial units | | - | - |
| Lot 4818 (behind office land - 12 units 2 1/1 house vacant plots) | Development properties | 1.18 | Proposed development of commercial units | Leasehold (19.5.2091) | 659,000 | 2001 |
| Lot 4818 (behind office land - LVSB car park & vacant land, PT10411), Perak | Development properties | | Proposed development of commercial units (Taman Samudera) | | (221,000) | 2001 |
| Lot 44, Mukim of Sitiawan Perak | Development properties | 0.37 | Commercial development - Medan Setiawan | Freehold | 1,243,000 | 2005 * |
| EMR 523 Lot 600 Mukim Pengkalan Bharu, Perak | Development properties | 0.15 | Taman Bahtera – commercial and residential | Freehold | 48,000 | 2001 |
| Geran 7582 Lot 16047 Mukim Sitiawan, Perak | Development properties | 0.10 | Taman Sejati IV, Sitiawan – commercial and residential | Freehold | 64,000 | 2001 |

** Year of Acquisition*

# LIST OF PROPERTIES (cont'd)

| Location | Description Property | Remaining Land Area @ 31.12.20 (acres) | Existing use/ Proposed Usage | Tenure (years) | NBV @ 31.12.20 (RM) | Year of Acquisition/ Last Revaluation |
|---|---|---|---|---|---|---|
| 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 | 142,658,000 | 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 | 755,000 | 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 | 961,000 | 2001 * |
| Geran 7585 Lot 16050 Mukim Sitiawan, Perak | Planted wth palm oil and approved for developement | - | Taman Sejati III, Sitiawan, commercial and residential | Freehold | 709,000 | 2001 |
| Lot 3336, Mukim Pengkalan Baharu, Perak | Development properties | 2.85 | Taman Bintang | Freehold | 2,470,000 | - |
| Lot 1616, Mukim Pengkalan Baharu, Perak | Development properties | 7.61 | Mixed development - Taman Pancur Damai | Freehold | 1,537,000 | 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 | Freeehold | 60,000 | 2012 |
| HS (D) Dgs 11772 PT 8073 Mukim Lumut, Perak | Development properties | 6.93 | Manjung Point Sekyen II | Freehold | 2,052,000 | 2001 * |
| PT 28552, Mukim Sitiawan, Perak | Development properties | 0.39 | Mix development | Leasehold (27.1.2103) | 787,000 | 2001* |
| Lot 1988, Mukim Sitiawan | Development properties | 0.41 | Residental development | Freehold | 1,705,000 | - |

** Year of Acquisition*

## LIST OF PROPERTIES (cont'd)

| Location | Description Property | Remaining Land Area @ 31.12.20 (acres) | Existing use/ Proposed Usage | Tenure (years) | NBV @ 31.12.20 (RM) | Year of Acquisition/ Last Revaluation |
|---|---|---|---|---|---|---|
| **INVESTMENT PROPERTIES** | | | | | | |
| 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 | 2,653,000 | 2001 |
| Lot 10466 Stall & Futsal, Medan Sejahtera ll, Mukim Sitiawan, Perak | Investment property - Food Stall & Futsal | 1.03 | Futsal and Foodcourt | Freehold | 1,580,000 | 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 PT212710), Mukim Hulu Kinta, Daerah Kinta, Perak | Investment property - Hotel | 1.40 | Vacant land | Leasehold (24.7.2105) | 780,000 | 2008 |
| PT357017, Mukim Hulu Kinta, Daerah Kinta, Perak | Investment property - Hotel | 1.00 | Vacant land | Leasehold (4.6.2103) | 2,256,000 | 2008 |
| PT 15074, Mukim Lumut, Daerah Manjung | Investment property - AEON Shopping Mall | 30.25 | AEON Shopping Complex | Freehold | 137,202,000 | 2015 |
| Lot 163, Jln Perak, Kuala Lumpur (Level 3, 4, 9, 12, 13) | Investment property Hotel | 0.90 | Fraser Place Kuala Lumpur | Freehold | 39,039,000 | 2015 |
| Lot 15010 (Part Lot 2793, part 2794), Mukim Lumut, Daerah Manjung | Investment property - City Harbour International School | 15.00 | International School | Freehold | 17,854,000 | 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 | 7,712,000 | - |

** Year of Acquisition*

# LIST OF PROPERTIES (cont'd)

| Location | Description Property | Remaining Land Area @ 31.12.20 (acres) | Existing use/ Proposed Usage | Tenure (years) | NBV @ 31.12.20 (RM) | Year of Acquisition/ Last Revaluation |
|---|---|---|---|---|---|---|
| **JOINT DEVELOPMENT PROPERTIES** | | | | | | |
| Lot 4753, Mukim Batu, Daerah Kuala Lumpur | Joint development properties | 5.14 | Proposed high risk condominium | Freehold | 22,457,000 | - |
| Lot 449, Mukim Batu, Tempat Segambut, Daerah Kuala Lumpur | Joint development properties | 5.07 | Proposed high rise condominium | Freehold | 401,000 | N/A |
| Lot 400, Mukim Lumut, Daerah Manjung, Perak | Joint development properties | 36.97 | Proposed mixed development | Leasehold (15.11.2105) | 4,192,000 | N/A |
| Lot 10153, Mukim Lumut, Daerah Manjung | Joint development properties | 34.67 | Proposed mixed development | Leasehold (22.11.2103) | 278,000 | N/A |
| Lot 13079, Mukim Lumut, Perak | Joint development properties | 0.32 | Mixed development | Freehold | 663,000 | N/A |
| Lot 14838, Mukim Sitiawan, Daerah Manjung, Perak | Joint development properties | 3.90 | Mixed development | Freehold | 315,000 | N/A |
| 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 | 17,686,000 | - |
| 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 | 227,000 | N/A |
| **JOINT VENTURE DEPOSITS PAID** | | | | | | |
| Lot 2579, Lot 2594, Lot 3458 & Lot 3469, Mukim Batu, Daerah Kuala Lumpur | Joint development properties | 12.30 | Proposed high rise condominium | Freehold | 32,000,000 | - |
| Lot 4753, Mukim Batu, Daerah Kuala Lumpur | Joint development properties | 5.14 | Proposed high rise condominium | Freehold | 207,300,000 | - |
| Lot 449, Mukim Batu, Dearah Kuala Lumpur | Joint development properties | 5.06 | Proposed high rise condominium | Freehold | 72,000,000 | |
| PT 10415, PT 10416, Mukim Lumut, Daerah Manjung | Joint development properties | 50.00 | Proposed mixed development | Leasehold (3.3.2104) | 39,800,000 | - |

** Year of Acquisition*

# LIST OF PROPERTIES (cont'd)

| Location | Description Property | Remaining Land Area @ 31.12.20 (acres) | Existing use/ Proposed Usage | Tenure (years) | NBV @ 31.12.20 (RM) | Year of Acquisition/ Last Revaluation |
|---|---|---|---|---|---|---|
| Lot 400, Bandar Lumut, Daerah Manjung | Joint development properties | 36.90 | Proposed mixed development | Leasehold (15.1.2105) | 37,509,000 | - |
| Lot 3566, Lot 3567, Lot 3568, Pangkor Island | Joint development properties | 5.21 | Proposed mixed development | Freehold | 6,500,000 | - |
| PT 10513, Mukim Lumut, Daerah Manjung | Joint development properties | 34.67 | Proposed mixed development | Leasehold (2.11.2103) | 12,100,000 | - |
| Lot 15233, Mukim Batu, Daerah Kuala Lumpur | Joint development properties | 2.66 | Proposed high rise condominium | Freehold | 54,500,000 | - |
| Lot 10496 to lot 10518, Mukim Hulu Bernam Timur, District Batang Padang, Perak | Joint development properties | 307.30 | Proposed mixed development | Leasehold (4.7.2095) | 34,848,000 | - |
| PT 1792 etc, Kuala Pilah, Negeri Sembilan | Joint development properties | 76.72 | Proposed mixed development | Leasehold (30.12.2086) | 29,500,000 | - |
| Lot 61113, Mukim Belanja, Perak | Joint development properties | 22.67 | Proposed mixed development | Leasehold (4.3.2112) | 28,500,000 | - |
| Lot 48632, Mukim Kuala Lumpur, Daerah Kuala Lumpur | Joint development properties | 6.29 | Proposed high rise condominium | Freehold | 239,500,000 | - |
| Lot 594, Mukim 09, Daerah Sebarang Prai Selatan | Joint development properties | 27.06 | Proposed mixed development | Freehold | 27,669,000 | - |
| Lot 24209, Mukim Sitiawan, Daerah Manjung | Joint development properties | 0.50 | Proposed commercial development | Leasehold (25.2.2101) | 4,800,000 | - |
| PT 2856, 3168, 8289, Mukim Damansara, Daerah Petaling | Joint development properties | 0.71 | Proposed high rise condominium | Freehold | 10,500,000 | - |
| 69 plots, Mukim Kuala Lumpur, Daerah Kuala Lumpur | Joint development properties | 1.00 | Proposed commercial development | Leasehold (2.11.2066) | 72,800,000 | - |
| Lot 5274, Mukim Damansara, Daerah Petaling | Joint development properties | 1.51 | Proposed high rise condominium | Freehold | 23,030,000 | - |
| Lot 2355, Mukim Batu, daerah Kuala Lumpur | Joint development properties | 2.78 | Proposed high rise condominium | Freehold | 19,100,000 | - |
| **GRAND TOTAL** | | **1,854.00** | | | **1,927,093,000** | |

# STATEMENT OF SHAREHOLDINGS as at 19 May 2021

| | | |
|---|---|---|
| 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 | 4,188 | 57.65 | 163,248 | 0.03 |
| 100 – 1,000 | 1,828 | 25.17 | 452,086 | 0.08 |
| 1,001 – 10,000 | 717 | 9.87 | 2,312,172 | 0.44 |
| 10,001 – 100,000 | 218 | 3.00 | 7,177,354 | 1.36 |
| 100,001 – 26,424,352 (*) | 312 | 4.30 | 474,835,861 | 89.85 |
| 26,424,353 and above (**) | 1 | 0.01 | 43,546,346 | 8.24 |
| TOTAL | 7,264 | 100.00 | 528,487,067 | 100.00 |

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

## SUBSTANTIAL SHAREHOLDERS AS AT 19 May 2021

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 19 May 2021
(cont'd)

### DIRECTORS' INTERESTS AS AT 19 May 2021

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 | 2,408,640 | 0.46 | - | - | 2,408,640 | 0.46 |

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 19 May 2021

| | Name of Holder | Holdings | % |
|---|---|---|---|
| 1. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR KENANGA INVESTORS BHD | 43,546,346 | 8.24 |
| 2. | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 25,291,296 | 4.79 |
| 3. | RHB NOMINEES (TEMPATAN) SDN BHD<br>OSK CAPITAL SDN BHD FOR YU KUAN CHON | 23,000,000 | 4.35 |
| 4. | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR YU KUAN CHON (PB) | 20,398,630 | 3.86 |
| 5. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON | 18,442,854 | 3.49 |
| 6. | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>AMBANK (M) BERHAD (SWAP) | 17,772,261 | 3.36 |
| 7. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED | 17,617,189 | 3.33 |
| 8. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR IRAMA GIGIH SDN BHD | 13,764,430 | 2.60 |
| 9. | MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD<br>PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON (01-00868-000) | 13,078,000 | 2.47 |
| 10. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR YU KUAN HUAT | 10,282,939 | 1.95 |

## STATEMENT OF SHAREHOLDINGS as at 19 May 2021
(cont'd)

### LIST OF TOP THIRTY HOLDERS AS AT 19 May 2021 (cont'd)

| | Name of Holder | Holdings | % |
|---|---|---|---|
| 11. | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON | 7,000,000 | 1.32 |
| 12. | AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON | 6,933,286 | 1.31 |
| 13. | TA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON | 6,850,417 | 1.30 |
| 14. | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT KENANGA INVESTORS BERHAD<br>FOR CHAN WENG FUI | 6,337,163 | 1.20 |
| 15. | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR NG PAIK PHENG (PB) | 6,129,064 | 1.16 |
| 16. | RHB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LIM LEONG WOUH | 5,987,438 | 1.13 |
| 17. | RHB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR YU KUAN HUAT | 5,874,094 | 1.11 |
| 18. | RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON (CEB) | 4,710,638 | 0.89 |
| 19. | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHAN WENG FUI | 4,586,939 | 0.87 |
| 20. | JF APEX NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON (MARGIN) | 4,388,000 | 0.83 |
| 21. | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON | 4,346,371 | 0.82 |
| 22. | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR<br>CHAN SOW KENG (SMART) | 4,300,238 | 0.81 |
| 23. | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR HO SWEE MING | 4,224,085 | 0.80 |
| 24. | HLIB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR YU KUAN CHON | 4,049,355 | 0.77 |
| 25. | CITIGROUP NOMINEES (ASING) SDN BHD<br>CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO<br>DFA INVESTMENT DIMENSIONS GROUP INC | 3,984,693 | 0.75 |
| 26. | TA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LIM FUNG NENG | 3,965,358 | 0.75 |
| 27. | RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LIEW KOK TZE | 3,939,061 | 0.75 |
| 28. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHING NYE MI @ CHIENG NGIE CHAY | 3,925,586 | 0.74 |
| 29. | HSBC NOMINEES (ASING) SDN BHD<br>BPSS LUX FOR ABERDEEN STANDARD SICAV I<br>- ASIAN SMALLER COMPANIES FUND | 3,583,866 | 0.68 |
| 30. | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LIM FUNG NENG | 3,517,217 | 0.67 |
| | **TOTAL** | **301,826,814** | **57.10** |

YNH PROPERTY BHD
Registration No.: 200101026228 (561986-V)
*(Incorporated in Malaysia)*

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