



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

**Annual**  
**Report 2017**

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## NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be held at Hotel Sfera, 2479, Jalan Dato' Yu Neh Huat, Taman Samudera, 32040 Sri Manjung, Perak Darul Ridzuan, Malaysia on Friday, 29 June 2018 at 11.45 a.m.

### AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2017, together with the Directors' and Auditors' Reports thereon.
2. To approve the payment of the following final dividends in respect of the year ended 31 December 2017: **(Resolution 1)**
  - (a) a final share dividend of six (6) Treasury Shares for every existing one thousand (1,000) Ordinary Shares;
  - (b) a final single tier dividend of zero point seven sen (0.7 sen) per Ordinary Share.
3. To approve payment of Directors' Fees of RM152,830 in respect of the year ended 31 December 2017. **(Resolution 2)**
4. To approve payment of Directors' Benefits (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM170,000 from 30 June 2018 until the next Annual General Meeting of the Company. **(Resolution 3)**
5. To re-elect the following Directors retiring pursuant to the Articles of Association of the Company:
  - Dato' Dr Yu Kuan Chon, DIMP, PPT, MBBS **(Resolution 4)**
  - Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT **(Resolution 5)**
  - Dato' Robert Lim @ Lim Git Hooi, DPMP, JP **(Resolution 6)**
6. To re-appoint Messrs Baker Tilly Monteiro Heng as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **(Resolution 7)**

**AS SPECIAL BUSINESS**, to consider and, if thought fit, pass the following ordinary resolutions:

7. **Retention of Independent Non-Executive Directors**
  - 7.1 That subject to his re-election as a Director of the Company under Ordinary Resolution No. 6, Dato' Robert Lim @ Lim Git Hooi, DPMP, JP who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be retained, to continue to act as an Independent Non-Executive Director of the Company. **(Resolution 8)**
  - 7.2 That Ching Nye Mi @ Chieng Ngie Chay who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be retained, to continue to act as an Independent Non-Executive Director of the Company. **(Resolution 9)**
  - 7.3 That Ding Ming Hea who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be retained, to continue to act as an Independent Non-Executive Director of the Company. **(Resolution 10)**

**NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING** (cont'd)**8. Proposed Renewal of Share Buy Back Authority****(Resolution 11)**

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

- i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;
- ii) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy Back shall not exceed the sum of the Retained Profits of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy Back.
- iii) the shares purchased by the Company pursuant to the Proposed Share Buy Back may be dealt with in all or any of the following manner (as selected by the Company):-
  - a) the shares so purchased may be cancelled; and/or
  - b) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
  - c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

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

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

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

**NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING** (cont'd)**9. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions (Resolution 12) of A Revenue or Trading Nature**

"That, subject to the Companies Act, 2016 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or person connected with Directors and/or major shareholders of the Company and/or its subsidiary companies ("Related Parties") as specified in Section 2.2 of the Circular to Shareholders dated 30 April 2018, provided that such arrangements and/or transactions are:

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

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

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

whichever is earlier.

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

By Order of the Board

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

Company Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia  
30 April 2018

**NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING** (cont'd)**NOTE:**

- a) A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend, speak and vote instead of him.
- b) A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
- c) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- d) Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- e) The instrument appointing a proxy must be deposited at the registered office of the Company, 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting. All resolutions set out in the Notice of the Meeting are to be voted by poll.
- f) Depositors who appear in the Record of Depositors as at 18 June 2018 shall be regarded as Member of the Company entitled to attend the Sixteenth Annual General Meeting or appoint one or two proxies to attend, speak and vote on his behalf.

**EXPLANATORY NOTES TO SPECIAL BUSINESS****1) Retention of Independent Non-Executive Directors**

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

- (i) They fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus they would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.
- (ii) Their vast experience in their professional knowledge enabled them to provide the Board with a diverse set of experience, expertise and independent judgment.
- (iii) They have performed their duty diligently and in the best interest of the Company as required by the Code as an Independent Director and provide a broader view, independent and balanced assessment of proposals from the management.

**2) Proposed Renewal of Share Buy Back Authority**

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

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

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

**2017 ANNUAL REPORT**

The 2017 Annual Report is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholders within 4 market days from the date of receipt of the request. Shareholders who wish to receive the printed copy of the Annual Report and who require assistance with the viewing of the CD-ROM, kindly contact Madam Cheng at Tel. No.: 605-5451945

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

**1. Directors who are standing for re-election**

Dato' Dr Yu Kuan Chon, Dato' Yu Kuan Huat, and Dato' Robert Lim @ Lim Git Hooi who retire pursuant to the Articles of Association of the Company are standing for re-election at the forthcoming Annual General Meeting.

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

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

Five (5) Board Meetings were held during the financial year from 1 January 2017 till 31 December 2017:

28 February 2017  
18 April 2017  
23 May 2017  
29 August 2017  
23 November 2017

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

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

## CORPORATE INFORMATION

### Directors

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

### Audit Committee

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

### Remuneration Committee

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

### Nominating Committee

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

### ESOS Committee

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

### Secretaries

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

### Registrars

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

### Registered Office

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

### Principal Place Of Business and Head Office

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

### Sales Office – Kuala Lumpur

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

### Sales Office – Seri Kembangan

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



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

### **Sales Office – Ipoh**

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

### **Auditors**

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

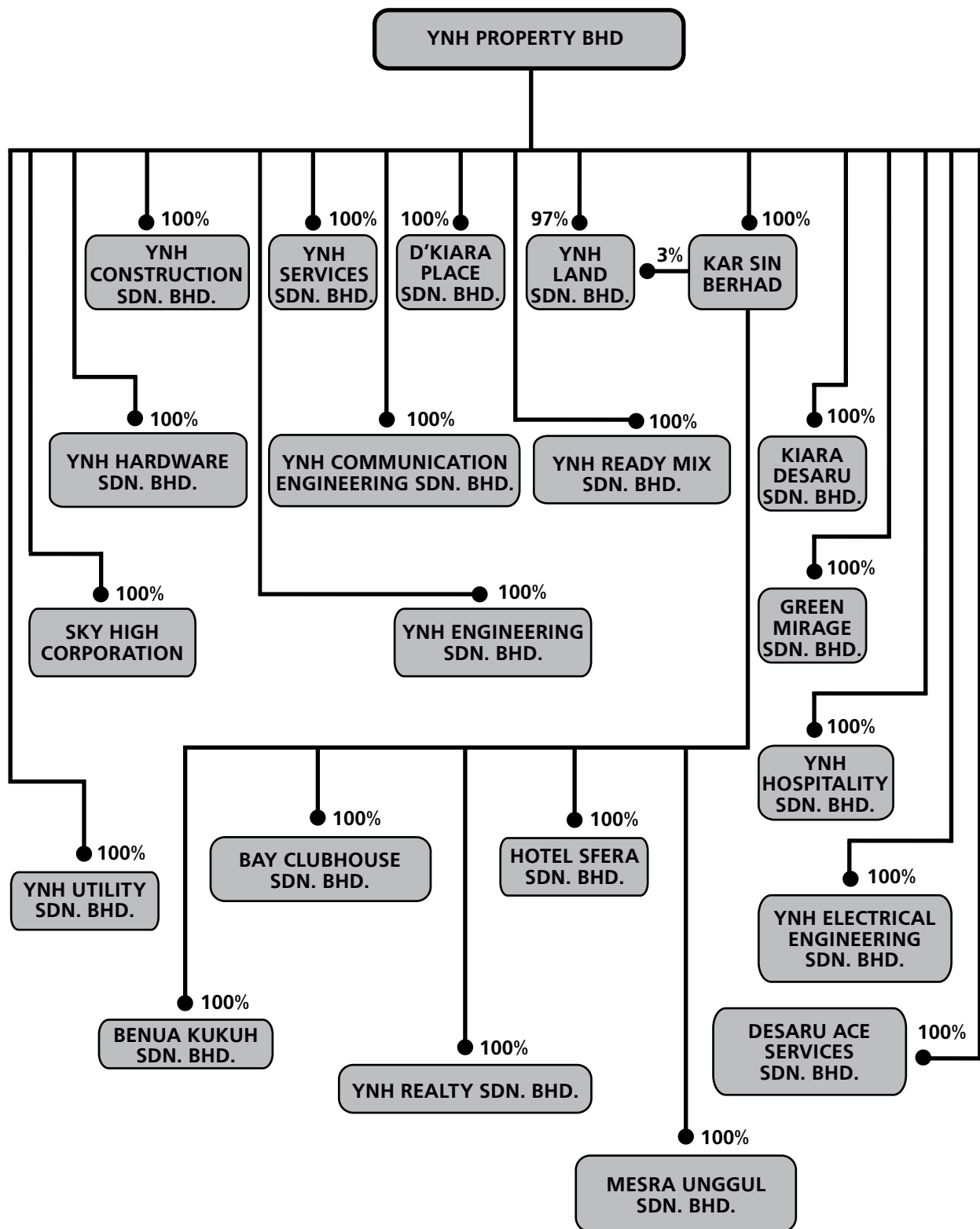
### **Principal Bankers**

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

56 years of age

Malaysian, Male

*Chairman, Executive Director*

*Member, ESOS Committee*

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

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

He has attended three (3) out of the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2017.

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

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

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

60 years of age

Malaysian, Male

*Managing Director*

*Member, Remuneration Committee*

*Member, ESOS Committee*

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

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

He has attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2017.

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

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

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

79 years of age

Malaysian, Male

*Senior Independent and Non-Executive Director*

*Chairman, Audit Committee*

*Chairman, Nominating Committee*

*Chairman, Remuneration Committee*

*Member, ESOS Committee*

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

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

He has attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2017.

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

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

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**CHING NYE MI @ CHIENG NGIE CHAY**

71 years of age

Malaysian, Male

*Independent and Non-Executive Director*

*Member, Audit Committee*

*Member, Nominating Committee*

*Member, Remuneration Committee*

*Member, ESOS Committee*

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

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

He has attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2017.

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**

54 years of age

Malaysian, Male

*Independent and Non-Executive Director*

*Member, Audit Committee*

*Member, ESOS Committee*

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

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

He has attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2017.

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 60

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

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

Executive Director

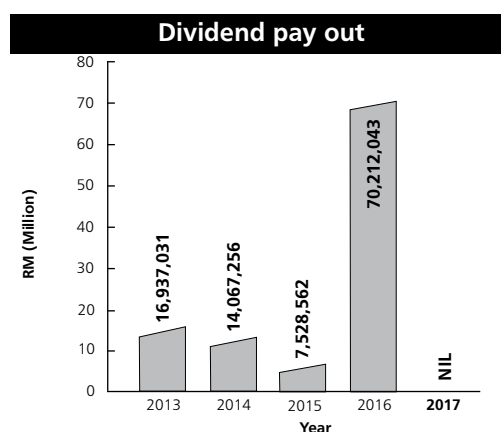
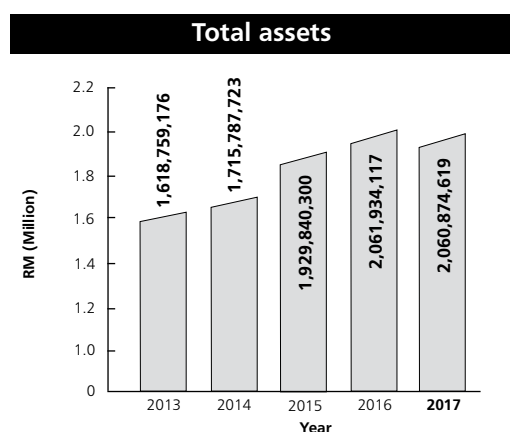
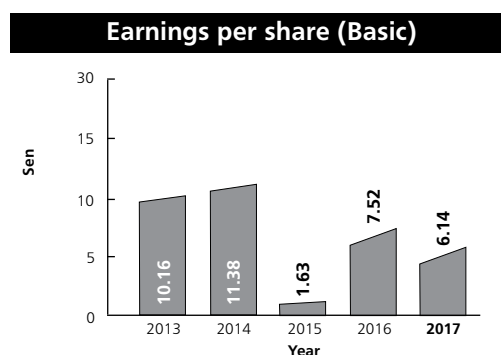
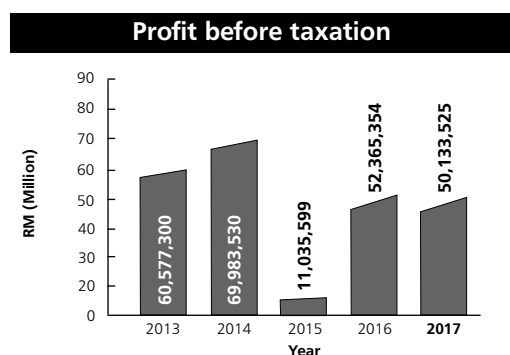
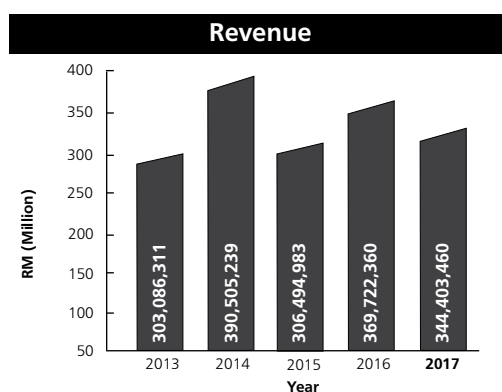
Malaysian, Male, aged 56

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

## FINANCIAL HIGHLIGHTS

### FIVE YEARS FINANCIAL HIGHLIGHTS

	2013	2014	2015	2016	2017
Revenue (RM)	303,086,311	390,505,239	306,494,983	369,722,360	344,403,460
Profit before taxation (RM)	60,577,300	69,983,530	11,035,599	52,365,354	50,133,525
Earnings per share (Basic) - Sen	10.16	11.38	1.63	7.52	6.14
Total assets (RM)	1,618,759,176	1,715,787,723	1,929,840,300	2,061,934,117	2,060,874,619
Dividend pay out (RM)	16,937,031	14,067,256	7,528,562	70,212,043	NIL



## CHAIRMAN'S STATEMENT

### **Dear Valued Shareholders,**

On behalf of the Board of Directors of YNH Property Bhd ("YNHP" or the "Company"), I hereby present the Annual Report and Audited Financial Statements of the Company and its subsidiaries ("Group") for the financial year ended 31 December 2017.

The year under review had continued to be a challenging one. Competition with both private and public developments coupled together with cooling measures being enforced by the central bank is still the story of the day in the property market in Malaysia. Luckily, Malaysia's economy had improved but had yet to contribute to any strong positive outlook in the property market.

However, with regards to the financial results of the Company, I am pleased to report that YNHP managed to stay profitable with YNHP Group registering a total revenue of RM344.4 million in the Financial Year Ended 31 December 2017 ("FYE 2017") and Profit Before Taxation ("PBT") of RM50.1 million for FYE 2017.

For the financial year ended 31 December 2017, the Company had continued to focus on its projects in the Klang Valley and also in Seri Manjung.

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

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

The 6-acre mixed/development project in Mont Kiara, Kiara 163, was re-launched early 2016 had managed to get an encouraging take-up rate for the Small Office Versatile Office ("SOVO") commercial units. In addition, the Hotel Suites sales had reached 50% and the service apartments, which was launch on first quarter 2018 and had received good uptake for the service apartments.

The Kiara 163 Retail is being marketed by a leading retail consultant with a few international brands coming in as the anchor tenants. The concept for the Kiara 163 Retail is a lifestyle neighborhood mall for the convenience of the residents surrounding Mont Kiara. Currently, the occupancy rate for the Kiara 163 Retail is around 65%.

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

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

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

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

The latest sales have reached 85% for both the commercial shop offices and the apartments.

The project is expected to be completed by end 2018. Currently, the Company is busy finishing the construction works for this project.

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

### **Acknowledgement**

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

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

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



## MANAGEMENT DISCUSSION & ANALYSIS

For the year 2017, 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, sales of a portion of development land at Genting Highland and progressive profit recognition at Kiara 163, Sfera Residensi and Taman Sejati II projects.

Sales from the Company's projects such as the balance units of Kiara 163, Sfera Residensi, Manjung Commercial Shoplots and Manjung Point Township residential units (Seri Manjung, Perak) will continue to contribute strongly to the Group's income. As such, the Board is cautiously optimistic of the Group's prospect for 2018.

The Board is optimistic of our Kiara 163 mix development project, with a total internal targeted GDV of approximately RM1.2 billion, will contribute positively to the Group's earnings in 2018 and 2019.

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

The internal targeted GDV for Sfera Residensi is approximately RM425 million. The Board is confident that this development will contribute positively to the Group's earnings in 2018 and the next few years.

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

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

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

#### 1. BOARD RESPONSIBILITIES

##### Board's Role

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

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

The Board shall meet at least four (4) times a year at quarterly intervals with additional meetings convened as necessary. Five (5) Board Meetings were held during the financial year ended 31 December 2017. Details of attendance of Directors at the Board Meetings are presented in the Statement Accompanying the Notice of the Sixteenth Annual General Meeting.

##### Board Charter and Code of Conduct

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

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

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

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

##### Supply of information

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### 1. BOARD RESPONSIBILITIES (cont'd)

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

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

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

##### Company Secretaries

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

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

#### 2. BOARD COMPOSITION

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

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

##### Board Committees

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### 2. BOARD COMPOSITION (cont'd)

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

##### a) Audit Committee

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

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

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

##### b) Nominating Committee

The members of the Nominating Committee are:-

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

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

##### Terms of Reference

##### Composition

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

##### Functions

The functions of the Nominating Committee shall include the following:

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

## **CORPORATE GOVERNANCE OVERVIEW STATEMENT** (cont'd)

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

#### **2. BOARD COMPOSITION** (cont'd)

##### **Board Committees** (cont'd)

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

###### **Activities**

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

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

##### **c) Remuneration Committee**

The members of the Remuneration Committee are:

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

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

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

###### **Terms of Reference**

###### **Composition**

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

###### **Functions**

The functions of the Committee shall include the following:

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

**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)**Terms of Reference** (cont'd)**Functions** (cont'd)

During the financial year, a Remuneration Committee Meeting was held on 28 February 2017.

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.

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

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

**Appointments to the Board**

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

**Re-election of Directors**

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

**Directors training**

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

In house trainings by all the Directors:

- a) Budget 2017.
- b) The Company Director – The Expanded Duties & Responsibilities Under The Company Act 2016.
- c) Sustainability Reporting.
- d) Enhancing Standard Of Disclosures In Announcements & Circulars to Shareholders

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

#### 3. 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 2017 are as follows:

##### The Company

RM'000	Salary & Bonus	Fees	Allowance	Benefits-in-kind	Total
<b>Executive Directors</b>					
Dato' Dr Yu Kuan Chon	-	-	-	-	-
Dato' Yu Kuan Huat	-	-	-	-	-
<b>Non-Executive Directors</b>					
Dato' Robert Lim @ Lim Git Hooi	-	56	65	-	121
Ching Nye Mi @ Chieng Ngie Chay	-	48	48	-	96
Ding Ming Hea	-	48	48	-	96
<b>Total</b>	<b>-</b>	<b>152</b>	<b>161</b>	<b>-</b>	<b>313</b>

##### The Group

RM'000	Salary & Bonus	Fees	Allowance	Benefits-in-kind	Total
<b>Executive Directors</b>					
Dato' Dr Yu Kuan Chon	4,961	-	-	-	4,961
Dato' Yu Kuan Huat	4,961	-	-	9	4,970
<b>Non-Executive Directors</b>					
Dato' Robert Lim @ Lim Git Hooi	-	-	-	-	-
Ching Nye Mi @ Chieng Ngie Chay	-	-	-	-	-
Ding Ming Hea	-	-	-	-	-
<b>Total</b>	<b>9,922</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>9,931</b>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

#### 1. Risk Management and Internal control

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

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

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

#### 2. Financial reporting

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

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

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

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

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

#### 4. Relationship with the auditors

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



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND STAKEHOLDER ENGAGEMENT

#### 1. Investor relations and shareholder communication

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

#### 2. The AGM

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

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

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

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

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

#### 3. Sustainability Strategies

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

#### Compliance with the Code

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

The Corporate Government Overview Statement was approved by the Board of Directors on 26 April 2018.

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

## SUSTAINABILITY STATEMENT

### INTRODUCTION

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

The implementation on our strategies on sustainability is made available at YNHP's website at [www.ynhb.com.my](http://www.ynhb.com.my).

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

### Environment

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

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

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

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

### Community

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

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

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

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

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

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

**SUSTAINABILITY STATEMENT** (cont'd)**Work place**

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

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

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

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

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

**Market Place**

The Group realizes the important of building and maintaining good relationships with its customers, suppliers and contractors. The Group 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 our business activities.

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

## **ADDITIONAL COMPLIANCE INFORMATION**

### **1. Utilisation of Proceeds**

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

### **2. Auditors' Remuneration**

The Auditors' Remuneration of the Company and Group for the financial year ended 31 December 2017 is as follows:

	<b>Audit Fees (RM)</b>	<b>Non-Audit Fees (RM)</b>
Company	58,000	NIL
Group	274,300	15,000

### **3. Material Contracts**

There were no material contracts, entered into or loan made by the Company and its subsidiaries, involving Directors' and substantial shareholders' either still subsisting at the end of the financial year 31 December 2017 or entered into since the end of the previous financial year.

### **4. Revaluation of Landed Properties**

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

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

### *Introduction*

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

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

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

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

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

- The Board meet at least quarterly and have set a schedule of matters to be deliberated during the Board meeting to ensure that that Board maintain full and effective supervision over the control processes.
- The Group operates within an organizational structure with defined lines of responsibilities and accountabilities. A procedural and hierarchical reporting has been established which provides for a documented and auditable trail of accountability.
- The Group's risk management process identifies the principal business risks. The Management is responsible for the identification and evaluation, on an on-going basis, of significant risks inherent to the business. Appropriate action plans are developed to mitigate the key risk areas. Management meetings will be conducted to schedule available resources to address the identified risks within the risks management process.
- The Audit Committee provides assistance to the Board of Directors in fulfilling its overall responsibilities. The Audit Committee reviews the internal audit plan for the year, and reviews the action taken on internal control issues identified in the reports prepared by the Internal Auditor.
- The Group outsourced its Internal Audit Function to an accounting firm and the Internal Auditors, which report directly to the Audit Committee, performed reviews on the effectiveness of the current controls in place and highlighted key risk areas affecting the Group as well as made practical recommendations to address any potential weaknesses. The Internal Audit Function carries out the audit on rotational basis to cover selected areas and companies in every audit. The Audit Committee has full access to the service and advice of the internal auditors and the Audit Committee, together with the Management, reviewed the issues identified by the Internal Auditors and external auditors and ensured that all practical recommendations, agreed to by the Management, are implemented. In year 2017, the Internal Audit Function reviewed the hospitality segments covering the following areas, amongst others:
  - Review and access the adequacy of internal controls over sales and credit control for the Group's hospitality arm
  - Review accuracy and completeness of the sales cycle and ensure it is accurately accounted for
  - Review and identify the long outstanding balances and provision of the doubtful debts receivables.

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

### ***Risk Management***

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

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

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

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

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

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

### ***Weaknesses In Internal Control And Risk Management That Result in Material Losses***

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

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

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

As required by paragraph 15.23 of Bursa Securities Listing Requirements, the external auditors have conducted a limited assurance engagement on this Statement on Risk Management and Internal Control. Their limited assurance engagement was performed in accordance with ISAE3000 (Revised), Assurance Engagement other than Audits or Review of Historical Financial Information and the Audit and Assurance Practice Guide 3 (previously RPG 5 (Revised 2015), Guidance for Auditors on the Review of Directors' Statement on Internal Control included in the Annual Report.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention has causes them to believe that this statement is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidance for Directors of Listed Issuers to be set out, nor is factually inaccurate. The Audit and Assurance Practice Guide 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 control system.

## AUDIT COMMITTEE REPORT

### MEMBERS OF THE COMMITTEE

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

### Functions

The functions of the Committee shall include the following:

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

### Attendance of Meetings

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

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

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

## **AUDIT COMMITTEE REPORT** (cont'd)

### **Summary of Activities**

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

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

### **Internal Audit Function**

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

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

The Internal Audit Function is currently outsourced to another professional services firm which reports directly to the Audit Committee. The scope of work covered by the Internal Audit Function is determined by the Audit Committee after discussion of the audit plan with the Board. The costs incurred for the Internal Audit Function for the financial year ended 31 December 2017 were RM3,074.



## 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 2017.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Profit/(Loss) for the financial year	32,468,138	(674,668)
Profit/(Loss) attributable to:		
Owners of the Company	32,468,138	(674,668)

### DIVIDENDS

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

The directors have recommended the following:

- (a) a final share dividend of 6 treasury shares for every existing 1000 ordinary shares, which will be proposed for shareholders' approval.
- (b) a final single tier dividend of 0.7 sen per ordinary share, which will be proposed for shareholders' approval.

The actual treasury shares and single tier dividend to be distributed will depend on the issued share capital on the entitlement date. Such dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2018.

### RESERVES AND PROVISIONS

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

### 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 satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

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

**DIRECTORS' REPORT** (cont'd)**CURRENT ASSETS**

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

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

**VALUATION METHODS**

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

**CONTINGENT AND OTHER LIABILITIES**

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

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

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

**CHANGE OF CIRCUMSTANCES**

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

**ITEMS OF MATERIAL AND UNUSUAL NATURE**

In the opinion of the directors:

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## DIRECTORS' REPORT (cont'd)

### ISSUE OF SHARES AND DEBENTURES

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

### DIRECTORS

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

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

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

DATO' DR. YU KUAN CHON, DIMP, PPT, MBBS  
 DATO' YU KUAN HUAT, DPMP, PMP, AMP, PPT  
 DATO' LIM GIT HOOI @ ROBERT LIM, DPMP, JP  
 DATIN TEH NAI SIM

### DIRECTORS' INTEREST

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

#### Interest in the Company

	Note	Number of ordinary shares			
		At 1.1.2017	Bonus issue/Share dividend/ Bought	Sold	At 31.12.2017
<b>Direct interest</b>					
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	*	135,251,131	-	-	135,251,131
Dato' Yu Kuan Huat DPMP, PMP, AMP, PPT	*	21,560,450	-	-	21,560,450
Dato' Lim Git Hooi @ Robert Lim, DPMP, JP		1,250,620	-	-	1,250,620
Ching Nye Mi @ Chieng Ngie Chay		8,173,244	-	-	8,173,244
Ding Ming Hea		2,099,005	-	-	2,099,005
<b>Indirect interest</b>					
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	**	29,315,117	-	-	29,315,117
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	**	137,264,622	-	-	137,264,622
Ching Nye Mi @ Chieng Ngie Chay	***	28	-	-	28

\* Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS and Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT, by virtue of their interests in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent that the Company has an interest.

\*\* Deemed interested through spouse, sibling, spouse of sibling and Neh Huat & Sons Sdn. Bhd.

\*\*\* Deemed interested through spouse.

**DIRECTORS' REPORT** (cont'd)**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of the emoluments received or due and receivable, by the directors as disclosed in Note 30 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.

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.

**TREASURY SHARES**

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement 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 2017, the Company held 3,661,591 treasury shares out of its 528,999,579 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM6,931,198. Further details are disclosed in Note 18 to the financial statements.

**OPTIONS GRANTED OVER UNISSUED SHARES**

No options were granted to any person to take up the unissued shares of the Company during the financial year.

**INDEMNITY TO DIRECTORS AND OFFICERS**

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

**SUBSIDIARIES**

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

**AUDITORS' REMUNERATION**

The details of the auditors' remuneration are disclosed in Note 28 to the financial statements.

**INDEMNITY TO AUDITORS**

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

## **DIRECTORS' REPORT** (cont'd)

### **AUDITORS**

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

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

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

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

Date: 26 April 2018

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	169,743,909	182,983,160	-	-
Investments in subsidiaries	6	-	-	569,017,930	539,421,586
Investment properties	7	307,961,819	352,537,897	-	-
Land held for property development	8	388,410,819	377,553,907	-	-
Deferred tax assets	9	59,168,275	55,846,825	-	-
Goodwill on consolidation	10	17,626,036	17,626,036	-	-
Other non-current assets	11	463,205,670	398,536,670	-	-
Receivables and deposits	12	3,318,418	4,935,486	-	-
<b>Total non-current assets</b>		<b>1,409,434,946</b>	<b>1,390,019,981</b>	<b>569,017,930</b>	<b>539,421,586</b>
<b>Current assets</b>					
Property development costs	13	410,093,135	373,459,149	-	-
Inventories	14	82,719,733	71,370,287	-	-
Receivables and deposits	12	111,851,205	164,888,737	3,843,205	33,239,551
Other current assets	11	12,515,898	22,803,228	2,077	2,077
Tax recoverable		11,659,325	4,326,025	533,066	317,650
Term deposits and short term fund	16	582,553	1,005,420	-	-
Cash and bank balances	17	22,017,824	34,061,290	116,274	185,660
<b>Total current assets</b>		<b>651,439,673</b>	<b>671,914,136</b>	<b>4,494,622</b>	<b>33,744,938</b>
<b>TOTAL ASSETS</b>		<b>2,060,874,619</b>	<b>2,061,934,117</b>	<b>573,512,552</b>	<b>573,166,524</b>

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017 (cont'd)

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	18	528,999,579	528,999,579	528,999,579	528,999,579
Treasury shares	18	(6,931,198)	(6,931,198)	(6,931,198)	(6,931,198)
Other reserves	19	31,577,326	34,703,801	-	-
Retained earnings		383,069,885	350,601,747	42,176,257	42,850,925
<b>Total equity</b>		<b>936,715,592</b>	<b>907,373,929</b>	<b>564,244,638</b>	<b>564,919,306</b>
<b>Non-current liabilities</b>					
Borrowings	20	238,201,403	259,120,177	-	-
Provisions	21	8,315,460	5,914,839	-	-
Deferred tax liabilities	9	40,504,037	41,987,728	-	-
Payables and accruals	22	15,653,789	15,653,789	-	-
<b>Total non-current liabilities</b>		<b>302,674,689</b>	<b>322,676,533</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Payables and accruals	22	154,744,197	145,063,212	9,267,914	8,247,218
Other current liabilities	23	73,781,173	29,588,327	-	-
Provisions	21	7,251,160	8,474,810	-	-
Tax payable		3,033,397	3,305,140	-	-
Borrowings	20	582,674,411	645,452,166	-	-
<b>Total current liabilities</b>		<b>821,484,338</b>	<b>831,883,655</b>	<b>9,267,914</b>	<b>8,247,218</b>
<b>Total liabilities</b>		<b>1,124,159,027</b>	<b>1,154,560,188</b>	<b>9,267,914</b>	<b>8,247,218</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,060,874,619</b>	<b>2,061,934,117</b>	<b>573,512,552</b>	<b>573,166,524</b>

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

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	25	344,403,460	369,722,360	-	-
Cost of sales	26	(198,776,024)	(205,402,426)	-	-
<b>Gross profit</b>		<b>145,627,436</b>	<b>164,319,934</b>	-	-
Other income		39,941,609	12,054,460	-	-
Administrative expenses		(69,007,415)	(60,698,961)	(674,668)	(587,214)
Selling and marketing expenses		(10,598,203)	(9,028,292)	-	-
Other operating expenses		(16,033,340)	(14,170,184)	-	(486,648)
<b>Operating profit/(loss)</b>		<b>89,930,087</b>	<b>92,476,957</b>	<b>(674,668)</b>	<b>(1,073,862)</b>
Finance costs	27	(39,796,562)	(40,111,603)	-	-
<b>Profit/(Loss) before tax</b>	<b>28</b>	<b>50,133,525</b>	<b>52,365,354</b>	<b>(674,668)</b>	<b>(1,073,862)</b>
Tax expense	31	(17,665,387)	(14,363,406)	-	-
<b>Profit/(Loss) for the financial year</b>		<b>32,468,138</b>	<b>38,001,948</b>	<b>(674,668)</b>	<b>(1,073,862)</b>
<b>Other comprehensive income, net of tax</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation difference		(3,126,475)	1,612,935	-	-
<b>Total comprehensive income/(loss)</b>		<b>29,341,663</b>	<b>39,614,883</b>	<b>(674,668)</b>	<b>(1,073,862)</b>
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		<b>32,468,138</b>	<b>38,001,948</b>	<b>(674,668)</b>	<b>(1,073,862)</b>
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		<b>29,341,663</b>	<b>39,614,883</b>	<b>(674,668)</b>	<b>(1,073,862)</b>
<b>Earnings per share attributable to owners of the Company (sen per share)</b>	<b>32</b>				
- Basic		6.14	7.52		
- Diluted		6.14	7.52		

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



**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	← Attributable to owners of the Company →					Treasury shares RM	Total equity RM
		Share capital RM	Share premium RM	Capital reserve RM	Translation reserve RM	Retained earnings RM		
<b>Group 2017</b>								
At 1 January 2017	<b>18</b>	528,999,579	-	26,578,054	8,125,747	350,601,747	(6,931,198)	907,373,929
<b>Comprehensive income</b>								
Profit for the financial year		-	-	-	-	32,468,138	-	32,468,138
<b>Other comprehensive income</b>								
Foreign currency translation difference		-	-	-	(3,126,475)	-	-	(3,126,475)
Total comprehensive income		-	-	-	(3,126,475)	32,468,138	-	29,341,663
At 31 December 2017	<b>18</b>	528,999,579	-	26,578,054	4,999,272	383,069,885	(6,931,198)	936,715,592
<b>Group 2016</b>								
At 1 January 2016	<b>18</b>	441,446,129	44,698,178	26,578,054	6,512,812	425,667,114	(74,593,405)	870,308,882
<b>Comprehensive income</b>								
Profit for the financial year		-	-	-	-	38,001,948	-	38,001,948
<b>Other comprehensive income</b>								
Foreign currency translation difference		-	-	-	1,612,935	-	-	1,612,935
		-	-	-	1,612,935	38,001,948	-	39,614,883
<b>Transactions with owners</b>								
Share buy back	<b>18</b>	-	-	-	-	-	(2,549,836)	(2,549,836)
Bonus issue		87,553,450	-	-	-	(87,553,450)	-	-
Share dividends	<b>24</b>	-	(44,698,178)	-	-	(25,513,865)	70,212,043	-
Total transactions with owners		87,553,450	(44,698,178)	-	-	(113,067,315)	67,662,207	(2,549,836)
At 31 December 2016		528,999,579	-	26,578,054	8,125,747	350,601,747	(6,931,198)	907,373,929

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

**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (cont'd)

	← Attributable to owners of the Company →				
	Share capital RM	Share premium RM	Retained earnings RM	Treasury shares RM	Total equity RM
<b>Company</b>					
At 1 January 2016	441,446,129	44,698,178	156,992,102	(74,593,405)	568,543,004
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(1,073,862)	-	(1,073,862)
<b>Transaction with owners</b>					
Share buy back	-	-	-	(2,549,836)	(2,549,836)
Bonus issue	87,553,450	-	(87,553,450)	-	-
Share dividends	-	(44,698,178)	(25,513,865)	70,212,043	-
Total transactions with owners	87,553,450	(44,698,178)	(113,067,315)	67,662,207	(2,549,836)
At 31 December 2016	528,999,579	-	42,850,925	(6,931,198)	564,919,306
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(674,668)	-	(674,668)
At 31 December 2017	528,999,579	-	42,176,257	(6,931,198)	564,244,638

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

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>Cash Flows from Operating Activities</b>					
Profit/(Loss) before tax		50,133,525	52,365,354	(674,668)	(1,073,862)
Adjustments for:-					
Impairment loss on:					
- trade receivables	12	10,232,989	344,559	-	-
- other receivables	12	121,310	244,947	-	-
Reversal of impairment loss on trade receivables	12	-	(10,000)	-	-
Reversal of impairment loss on other receivables	12	(740,371)	(62,185)	-	-
Depreciation of investment properties	7	1,990,996	5,402,071	-	-
Depreciation of property, plant and equipment	5	12,400,464	12,349,334	-	-
Interest expense		39,796,562	40,111,603	-	-
Interest income		(336,643)	(165,553)	-	-
Gain on disposal of property, plant and equipment	28	(142,854)	-	-	-
Gain on disposal of investment property	28	(12,608,203)	-	-	-
Property, plant and equipment written off	5	233,176	119,707	-	-
Provision for future operating lease commitment	21	7,136,000	4,792,132	-	-
Provision for contract loss		-	2,799,741	-	-
Provision for rectification works	21	338,727	534,004	-	-
Unrealised loss/(gain) on foreign exchange		-	1,067,186	-	-
Operating profit/(loss) before working capital changes		108,555,678	119,892,900	(674,668)	(1,073,862)

**STATEMENTS OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (cont'd)

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Operating profit/(loss) before working capital changes brought down		108,555,678	119,892,900	(674,668)	(1,073,862)
Change in property development costs		(27,800,126)	(49,399,371)	-	-
Change in inventories		(11,349,446)	100,440,844	-	-
Change in receivables		(14,340,135)	(155,400,895)	-	-
Change in contract work-in-progress		4,999,137	18,294,169	-	-
Change in payables		54,196,511	(18,256,086)	(29,304)	(20,254)
Cash generated from/(used in) operations		114,261,619	15,571,561	(703,972)	(1,094,116)
Utilisation of provision for rectification works		(466,084)	(588,407)	-	-
Utilisation of provision for future operating lease		(5,831,672)	(27,023,697)	-	-
Interest paid		(44,780,237)	(45,352,823)	-	-
Interest received		336,643	165,553	-	-
Tax paid		(30,075,571)	(17,354,338)	(215,416)	-
Net cash from/(used in) operating activities		33,444,698	(74,582,151)	(919,388)	(1,094,116)
<b>Cash flows from investing activities</b>					
Land held for property development - net of disposals		(13,751,877)	(11,644,772)	-	-
Placement of pledged fixed deposits		(11,819)	(22,028)	-	-
Additions in investment properties, net of reversal		(8,577,149)	(9,602,380)	-	-
Proceeds from disposal of property, plant and equipment		10,874,264	-	-	-
Proceeds from disposal of investment property		63,770,434	-	-	-
Repayment from subsidiaries	22	-	-	-	4,699,383
Subscription of additional shares in subsidiaries	6	-	-	(199,998)	(999,998)
Acquisition of subsidiaries	6	-	-	-	(2)
Purchase of property, plant and equipment	5	(15,238,457)	(2,226,059)	-	-
Net cash from/(used in) investing activities		37,065,396	(23,495,239)	(199,998)	3,699,383

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (cont'd)

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>Cash flows from financing activities</b>					
Shares buy back	18	-	(2,549,836)	-	(2,549,836)
Drawdown of short term revolving credit		-	45,197,371	-	-
Drawdown of term loans		60,998,273	54,557,015	-	-
Repayment of finance lease		(15,013,533)	(10,989,680)	-	-
Repayment of short term revolving credit		(37,705,597)	-	-	-
Repayments to directors		(322,680)	-	-	-
Repayments of term loans		(60,364,811)	(28,429,361)	-	-
Advances from subsidiaries		-	-	1,050,000	-
Net cash (used in)/from financing activities		(52,408,348)	57,785,509	1,050,000	(2,549,836)
Effect of changes in exchange rate		35,437	(729,172)	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		18,137,183	(41,021,053)	(69,386)	55,431
Cash and cash equivalents at beginning of the financial year		(84,630,434)	(43,609,381)	185,660	130,229
<b>Cash and cash equivalents at end of the financial year</b>	33	(66,493,251)	(84,630,434)	116,274	185,660

a. Reconciliation of liabilities arising from financing activities

	1 January 2017 RM	Cash flows RM	Non-cash Foreign exchange movement RM	31 December 2017 RM
Revolving credit	503,261,810	(37,705,597)	-	465,556,213
Term loan	260,879,593	(633,462)	-	260,246,131
Finance lease	21,304,530	(14,922,715)	(1,086,344)	5,295,471
	785,445,933	(53,261,774)	(1,086,344)	731,097,815

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017

### 1. CORPORATE INFORMATION

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

The registered office of the Company is located at No. 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan. 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 the subsidiaries are property development, cultivation and sales of oil palm, general contracting, provision of consultancy services, provision of management services and lodging facilities, operation and management of a hotel, property investment, trading of properties and construction materials and related construction materials. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were approved and authorised for issue in accordance with a Board of Directors' resolution dated 26 April 2018.

### 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 Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 2016 in Malaysia.

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

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

##### Amendments/Improvements to FRSs

FRS 12 Disclosure of Interests in Other Entities  
FRS 107 Statement of Cash Flows  
FRS 112 Income Taxes

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

#### 2.3 New FRS, Amendments/Improvements to FRSs and new IC Interpretation ("IC Int"), but yet to be effective

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

##### New FRSs

FRS 9 Financial Instruments

**Effective for  
financial periods  
beginning on  
or after**

1 January 2018

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

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

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

	<b>Effective for financial periods beginning on or after</b>
<u>Amendments/Improvements to FRSs</u>	
FRS 1 First-time adoption of FRSs	1 January 2018
FRS 2 Share-based Payment	1 January 2018
FRS 4 Insurance Contracts	1 January 2018
FRS 10 Consolidated Financial Statements	Deferred
FRS 128 Investments in Associates and Joint Ventures	1 January 2018/ Deferred
FRS 140 Investment Property	1 January 2018
<u>New IC Int</u>	
IC Int 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23 Uncertainty over Income Tax Treatment	1 January 2019

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

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

Key requirements of FRS 9:

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

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

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

##### **FRS 9 Financial Instruments** (cont'd)

Key requirements of FRS 9 (cont'd):

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

##### **Amendments to FRS 1 First-time Adoption of FRSs**

Amendments to FRS 1 deleted the short-term exemptions that relate to FRS 7 *Financial Instruments: Disclosure*, FRS 119 *Employee Benefits* and FRS 10 *Consolidated Financial Statements* because they are no longer applicable.

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

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

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

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

##### *IC Int 22 Foreign Currency Transactions and Advance Consideration*

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

##### *IC Int 23 Uncertainty over Income Tax Treatments*

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

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

#### 2.4 Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs")

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### 2.4 MASB Approved Accounting Standards ("MFRSs") (cont'd)

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

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

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

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

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the transition adjustments on its financial statements.

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

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

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

The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the transition adjustments on its financial statements.

#### 2.5 Functional and presentation currency

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

#### 2.6 Basis of measurement

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### 2.7 Use of estimates and judgement

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

It also requires the Group 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 Group's best knowledge of current events and actions, actual results may differ.

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Basis of consolidation

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### 3.1 Basis of consolidation (cont'd)

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

The accounting policy for goodwill is set out in Note 3.7.

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

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

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

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

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

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

##### (c) Separate financial statements

In the Company's separate financial statements, investments in subsidiaries are measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution, in which case they are measured at the lower of carrying amount and fair value less cost to sell. The cost of investment includes transaction costs.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### 3.2 Foreign currency transactions and operations

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

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

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

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

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

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

##### (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, significant influence or joint 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. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### 3.3 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 contract provisions of the financial instrument.

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

#### (a) Subsequent measurements

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

##### (i) Financial assets

###### Loans and receivables

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

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

##### (ii) Financial liabilities

###### Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss 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 best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### 3.3 Financial instruments (cont'd)

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

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

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

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

##### (d) Derecognition

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

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

##### (e) Offsetting of financial instruments

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.

#### 3.4 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 3.11(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.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### 3.4 Property, plant and equipment (cont'd)

##### (a) Recognition and measurement (cont'd)

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

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

##### (b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment, is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company 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 straight-line basis by allocating their depreciable amounts over their remaining useful lives.

The principal annual rates used for this purpose are:

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

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

##### (d) Derecognition

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



## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### 3.5 Leases

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

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

##### (a) Lessee accounting

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

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

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

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

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

##### (b) Lessor accounting

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

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

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

– 31 DECEMBER 2017 (cont'd)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)**3.6 Investment properties**

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

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

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.

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.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

**3.7 Goodwill**

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).

**3.8 Land held for property development**

Land held for future development consists of development costs where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

Land held for future development will be reclassified to property development costs when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### 3.9 Property development costs

Property development costs consist of the cost of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the percentage of completion method. The stage of completion is determined by the proportion of property development costs incurred for the work performed up to the reporting date over the estimated total property development costs to completion. Under this method, profits are recognised as the property development activity progresses.

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

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings.

#### 3.10 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:

- raw materials: purchase costs on a first-in first-out basis
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost 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.

#### Property under development

Cost includes:

- freehold and leasehold rights for land
- amounts paid to contractors for construction
- 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.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### 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 and uncollectibility of financial assets

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

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

##### Loans and receivables

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

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

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

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

##### Unquoted equity instruments carried at cost

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### 3.12 Impairment of assets (cont'd)

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

The carrying amounts of non-financial assets (except for inventories, amount due from customers for contract work, deferred tax assets, assets arising from employee benefits, investment properties measured at fair value, biological assets and non-current assets or disposal groups classified as held for sale) 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.

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

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

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

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

#### 3.13 Share capital

##### (a) Ordinary shares

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

##### (b) Treasury shares

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

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### 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 recognized 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 and the Company have 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) Legal claims

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

#### 3.16 Revenue and other income

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

Revenue recognition of the Group and the Company 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 and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### 3.16 Revenue and other income (cont'd)

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

##### (a) Development properties

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

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

##### (b) Construction contract

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

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

##### (c) Goods sold

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

##### (d) Services

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### 3.16 Revenue and other income (cont'd)

##### (e) Rental income

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

##### (f) Dividend income

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

##### (g) Interest income

Interest income is recognised using the effective interest method.

##### (h) Commission income

Commission income is recognised when services are rendered.

#### 3.17 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur 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 and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

#### 3.18 Income tax

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

##### (a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial 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.



## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### 3.18 Income tax (cont'd)

##### (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 recognized 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.

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.6, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### 3.18 Income tax (cont'd)

##### (c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

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

The net amount of GST refundable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

#### 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 Chief Executive Officer 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.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### 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 and of the Company.

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 liability and assets not recognised in the statements of financial position.

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

In addition to any disclosures as detailed elsewhere in the financial statements, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

#### (a) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rates 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 different cash-generating units, including sensitivity analysis, are disclosed in Note 10.

#### (b) Provision for future operating lease commitment

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

#### (c) Property development revenue and expenses

The Group recognised property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion 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 stage of completion, 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 carrying amounts of property development costs and contract assets/contract liabilities are disclosed in Notes 13 and 15.

**NOTES TO THE FINANCIAL STATEMENTS**

- 31 DECEMBER 2017 (cont'd)

**5. PROPERTY, PLANT AND EQUIPMENT**

<b>Group</b>	<b>Freehold land RM</b>	<b>Long term leasehold land RM</b>	<b>Buildings RM</b>	<b>Plant and machinery RM</b>	<b>Motor vehicles RM</b>	<b>Tennis court RM</b>	<b>Office equipment, furniture, fittings and renovations RM</b>	<b>Crockery glassware, cutlery, carpet and linen RM</b>	<b>Construction in Progress RM</b>	<b>Total RM</b>
<b>Costs</b>										
At 1.1.2017	85,888,931	36,876,785	11,604,856	85,196,790	6,776,990	70,004	17,844,495	905,607	1,166,082	246,330,540
Additions	137,143	12,869,384	440	1,450,245	108,180	-	291,828	4,689	376,548	15,238,457
Written off	-	-	-	-	-	-	(233,176)	-	-	(233,176)
Disposal	-	-	-	(24,061,648)	(38,628)	-	-	-	(474,907)	(24,575,183)
Effect of movement in exchange rates	-	-	-	(5,339,556)	-	-	-	-	-	(5,339,556)
At 31.12.2017	86,026,074	49,746,169	11,605,296	57,245,831	6,846,542	70,004	17,903,147	910,296	1,067,723	231,421,082
<b>Accumulated Depreciation</b>										
At 1.1.2017	-	1,245,576	2,204,772	46,491,793	5,134,730	70,002	7,402,453	798,054	-	63,347,380
Charge for the financial year	-	676,451	359,032	10,001,917	735,512	-	1,483,405	99,367	-	13,355,684
Disposal	-	-	-	(13,595,973)	(38,628)	-	(209,172)	-	-	(13,843,773)
Effect of movement in exchange rates	-	-	-	(1,182,118)	-	-	-	-	-	(1,182,118)
At 31.12.2017	-	1,922,027	2,563,804	41,715,619	5,831,614	70,002	8,676,686	897,421	-	61,677,173
<b>Net Carrying Amount</b>										
At 31.12.2017	86,026,074	47,824,142	9,041,492	15,530,212	1,014,928	2	9,226,461	12,875	1,067,723	<b>169,743,909</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
- 31 DECEMBER 2017 (cont'd)

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
	<b>Plant and machinery</b>	<b>Plant and machinery</b>
Cost	30,933,411	55,510,811
Net carrying amount	<u>10,005,374</u>	<u>26,282,008</u>

Titles of leasehold land with net carrying amount of RM20,763,165 (2016: RM20,763,165) which was alienated by a local council. The title has already been transferred to the Group by the local council subsequent to the end of the financial year.

Freehold land and leasehold land with net carrying amount of RM115,937,532 (2016: RM115,937,532) are pledged as security for bank borrowings as mentioned in Note 20.

### 6. INVESTMENTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	552,221,584	552,021,586
Less: Impairment loss	(12,600,000)	(12,600,000)
	<u>539,621,584</u>	<u>539,421,586</u>
Quasi loan	29,396,346	-
	<u>569,017,930</u>	<u>539,421,586</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

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

Name of company	Principal activities	Proportion of ownership interest/voting rights	
		2017 %	2016 %
<b>Direct subsidiaries</b>			
Kar Sin Berhad	Property development and cultivation and sale of oil palm produce	100	100
YNH Construction Sdn. Bhd.	General contracting	100	100
D'Kiara Place Sdn. Bhd. **	Property development and provision of consultancy services	100	100
YNH Services Sdn. Bhd.	Provision of management services and lodging facilities	100	100
YNH Land Sdn. Bhd.	Property investment	97	97
YNH Hardware Sdn. Bhd.	Dormant	100	100
YNH Ready Mix Sdn. Bhd.	Rental of plant and equipment	100	100
YNH Communication Engineering Sdn. Bhd.	Dormant	100	100
YNH Engineering Sdn. Bhd.	General contracting	100	100
Green Mirage Sdn. Bhd.	Property investment holding	100	100
YNH Hospitality Sdn. Bhd.	Provision of management services and lodging facilities and property investment holding	100	100
Sky High Corporation ^ *	Rental of plant and machinery	100	100
Kiara Desaru Sdn. Bhd.	Property investment holding	100	100
YNH Electrical Engineering Sdn. Bhd.	General contracting	100	100
YNH Utility Sdn. Bhd. @	Dormant	100	100
Desaru Ace Services Sdn. Bhd.	Dormant	100	100

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

The details of the subsidiaries which are incorporated and have principal place of business in Malaysia, are as follows (cont'd):

Name of company	Principal activities	Proportion of ownership interest/voting rights	
		2017 %	2016 %
<b>Indirect subsidiaries through Kar Sin Berhad</b>			
Hotel Sfera Sdn. Bhd.	Operation and management of a hotel and its related business and property investment	100	100
Mesra Unggul Sdn. Bhd.	Property investment and development	100	100
Bay Clubhouse Sdn. Bhd.	Property investment	100	100
YNH Land Sdn. Bhd.	Property investment	3	3
YNH Realty Sdn. Bhd.	Marketing agent	100	100
Benua Kukuh Sdn. Bhd.	Property investment	100	100

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

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

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

@ The Company fully subscribed for 199,998 new ordinary shares in the subsidiary.



NOTES TO THE FINANCIAL STATEMENTS  
- 31 DECEMBER 2017 (cont'd)

7. INVESTMENT PROPERTIES

The movements of investment properties are as follows:

Group	Completed investment property RM	2017 Investment property under construction (IPUC) RM	Total RM	Completed investment property RM	2016 Investment property under construction (IPUC) RM	Total RM
<b>Cost</b>						
At beginning of the financial year	270,887,646	91,443,386	362,331,032	270,926,573	78,429,620	349,356,193
Additions	3,895,933	4,681,216	8,577,149	-	9,641,307	9,641,307
Reversal	-	-	-	(38,927)	-	(38,927)
Transfer from land held for property development (Note 13)	-	-	-	-	3,372,459	3,372,459
Disposal	(51,162,231)	-	(51,162,231)	-	-	-
Completed during the year	33,416,511	(33,416,511)	-	-	-	-
At end of the financial year	257,037,859	62,708,091	319,745,950	270,887,646	91,443,386	362,331,032
<b>Accumulated depreciation</b>						
At beginning of the financial year	9,793,135	-	9,793,135	4,391,064	-	4,391,064
Charge for the financial year	1,990,996	-	1,990,996	5,402,071	-	5,402,071
At end of the financial year	11,784,131	-	11,784,131	9,793,135	-	9,793,135
Net carrying amounts	245,253,728	62,708,091	307,961,819	261,094,511	91,443,386	352,537,897
Estimated fair value	322,938,722	321,203,768	644,142,490	345,012,998	382,945,693	727,958,691

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

Included in the Group's investment properties are land held under long-term leasehold interest of RM11,956,187 (2016: RM8,595,144) which expires in the year ranging from 2081 to 2105.

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

The Group's freehold and leasehold investment properties with a net carrying amount of RM228,497,654 and RM13,325,529 respectively (2016: RM280,558,318 and RM10,730,458) are pledged to secure the Group's bank borrowings as mentioned in Note 20.

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

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

Group	Fair value measurement using			Total RM
	Level 1 RM	Level 2 RM	Level 3 RM	
<b>2017</b>				
Investment properties	-	-	644,142,490	644,142,490
<b>2016</b>				
Investment properties	-	-	727,958,691	727,958,691

### 8. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
<b>Cost</b>				
<b>2017</b>				
At beginning of the financial year	270,768,613	35,528,639	71,256,655	377,553,907
Additions	5,350,200	-	15,998,269	21,348,469
Transfer to property development costs (Note 13)	(526,061)	-	(2,368,904)	(2,894,965)
Disposal of land	(297,441)	(5,359,891)	(1,930,214)	(7,587,546)
Compulsory acquisition	(589)	-	(8,457)	(9,046)
At end of the financial year	275,294,722	30,168,748	82,947,349	388,410,819

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

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

Freehold land and leasehold land and development expenditure of the Group with carrying amount of RM194,688,204 (2016: RM194,113,572) are pledged as security for bank borrowings as mentioned in Note 20.

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

	Group	
	2017 RM	2016 RM
Land held for property development	<u>167,499,015</u>	<u>167,460,889</u>

Titles of freehold land with carrying amount of RM27,250,156 (2016: RM27,250,156) have been on lien holder's caveat by the vendor's financier.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

	Group	
	2017 RM	2016 RM
<b>Deferred tax assets</b>		
At 1 January	55,846,825	50,115,663
Recognised in profit or loss	3,321,450	5,731,162
	59,168,275	55,846,825
<b>Deferred tax liabilities</b>		
At 1 January	(41,987,728)	(43,372,513)
Recognised in profit or loss	1,483,691	1,384,785
	(40,504,037)	(41,987,728)

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

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

	Group	
	2017 RM	2016 RM
<b>Deferred tax assets</b>		
Deductible temporary differences in respect of expenses	216,922	79,830
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	(133,585)	(813,042)
Interest attributable to property development cost	28,153,701	22,716,225
Provision for future operating lease commitment	1,995,701	4,083,849
Unrealised profit on development properties	27,583,794	28,428,221
	59,168,275	55,846,825
<b>Deferred tax liabilities</b>		
Differences between the carrying amount of property, plant and equipment and its tax base	(1,247,947)	(522,122)
Deductible temporary differences in respect of expenses	588,656	38,040
Fair value adjustment on consolidation	(39,844,746)	(41,503,646)
	(40,504,037)	(41,987,728)

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Investment tax allowance	2,201,002	2,201,002
Unutilised tax losses	48,329,965	47,764,472
Unabsorbed capital allowances	5,600,655	6,491,329
	<u>56,131,622</u>	<u>56,456,803</u>

### 10. GOODWILL ON CONSOLIDATION

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
At beginning/end of the financial year	<u>17,626,036</u>	<u>17,626,036</u>

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>Non-current</b>					
Deposits for joint venture and turnkey contracts	(a)	463,205,670	398,536,670	-	-
<b>Current</b>					
Accrued billings in respect of property development cost		65,404	863,736	-	-
Amounts due from customers for contract works	11	2,289,377	7,288,514	-	-
Deposits for acquisition of development lands		125,213	125,211	-	-
Mobilisation deposits	(b)	8,808,932	13,598,463	-	-
Prepayments		1,226,972	927,304	2,077	2,077
		<u>12,515,898</u>	<u>22,803,228</u>	<u>2,077</u>	<u>2,077</u>

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

The security deposits for joint venture and turnkey contract transactions in other non-current assets are for development work which has yet to commence. The directors are reasonably optimistic that these development works will commence in the future and therefore ensure the recovery of the security deposits. Security deposits amounting to RM379,977,400 (2016: RM308,277,900) related to freehold land and leasehold land are pledged to secure bank facilities granted to subsidiary as mentioned in Note 20.

#### (b) Mobilisation deposits

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 12. RECEIVABLES AND DEPOSITS

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>Non-current</b>					
<b>Non-trade</b>					
Other receivables	(b)	3,318,418	4,935,486	-	-
<b>Trade</b>					
Trade receivables		98,125,620	147,845,794	-	-
Less: Allowance for impairment loss		(11,071,384)	(838,395)	-	-
	(a)	87,054,236	147,007,399	-	-
<b>Non-trade</b>					
Other receivables		16,274,725	12,741,805	-	-
Less: Allowance for impairment loss		(724,318)	(1,343,379)	-	-
	(b)	15,550,407	11,398,426	-	-
GST refundable		5,695,756	2,815,571	-	-
Sundry deposits		3,550,806	3,667,341	-	-
Amounts owing by subsidiaries	(c)	-	-	3,843,205	33,239,551
		24,796,969	17,881,338	3,843,205	33,239,551
		111,851,205	164,888,737	3,843,205	33,239,551

#### (a) Trade receivables

Trade receivables are non-interest bearing and generally on credit terms ranging from 14 to 180 (2016: 14 to 180) days. Credit terms for sales of commercial properties range from 14 to 270 (2016: 14 to 270) days.

Included in trade receivables are:

- (i) an amount of RM793,666 (2016: RM5,666,456) owing by a company related to a director;
- (ii) an amount of RM8,534,804 (2016: RM22,474,955) owing by certain directors of the Company;
- (iii) an amount of RM3,307,200 (2016: RM9,097,968) owing by persons related to directors; and
- (iv) retention sums amounting to RM6,060,449 (2016: RM15,556,979) held by stakeholders.

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

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

##### Ageing analysis of trade receivables

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Neither past due nor impaired	23,695,762	73,167,003
1 to 30 days past due not impaired	3,645,748	40,637,146
31 to 60 days past due not impaired	3,428,273	2,512,825
61 to 90 days past due not impaired	1,978,774	4,353,126
91 to 120 days past due not impaired	3,548,505	6,264,270
121 to 150 days past due not impaired	2,712,366	1,447,515
More than 121 days past due not impaired	48,044,809	18,625,514
	63,358,475	73,840,396
Impaired	11,071,383	838,395
	<u>98,125,620</u>	<u>147,845,794</u>

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

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

##### Receivables that are impaired

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
At beginning of the financial year	838,395	503,836
Charge for the financial year (Note 28)	10,232,989	344,559
Reversal of impairment losses (Note 28)	-	(10,000)
At end of the financial year	<u>11,071,384</u>	<u>838,395</u>

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



**NOTES TO THE FINANCIAL STATEMENTS**

– 31 DECEMBER 2017 (cont'd)

**12. RECEIVABLES AND DEPOSITS** (cont'd)

**(b) Other receivables**

Included in other receivables are amounts of:

- (i) RM614,088 (2016: RM614,088) advanced to a third party in connection with a turnkey construction agreement for the construction of residential properties;
- (ii) RM5,163,486 (2016: RM7,557,355) being housing loan interest paid in advance for the purchasers during the development period which will be settled by the purchasers upon completion of the properties; and
- (iii) RM1,760 (2016: RM219,343) owing by a company related to a director arising from sale of building materials. This amount is unsecured, non-interest bearing and on credit term of 30 days.

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
At beginning of the financial year	1,343,379	1,160,617
Charge for the financial year (Note 28)	121,310	244,947
Reversal of impairment losses (Note 28)	(740,371)	(62,185)
At end of the financial year	724,318	1,343,379

**(c) Amount owing by subsidiaries**

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 13. PROPERTY DEVELOPMENT COSTS

	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
<b>Group 2017</b>				
<b>Cumulative property development costs</b>				
At beginning of the financial year	165,806,170	4,583,607	240,496,264	410,886,041
Cost incurred during the financial year	117,480	-	134,670,835	134,788,315
Transfer from land held for property development (Note 8)	1,620,054	-	1,274,911	2,894,965
Adjustment on completion of projects	(116,660)	-	(14,986,570)	(15,103,230)
Unsold units transferred to inventories	(1,134,974)	-	(3,199,161)	(4,334,135)
At end of the financial year	<u>166,292,070</u>	<u>4,583,607</u>	<u>358,256,279</u>	<u>529,131,956</u>
<b>Cumulative costs recognised in profit or loss</b>				
At beginning of the financial year	(19,632,568)	(370,733)	(17,423,591)	(37,426,892)
Recognised during the financial year (Note 26)	(5,769,900)	-	(90,945,260)	(96,715,160)
Adjustment on completion of projects	116,660	-	14,986,571	15,103,231
At end of the financial year	<u>(25,285,808)</u>	<u>(370,733)</u>	<u>(93,382,280)</u>	<u>(119,038,821)</u>
Property development costs at end of the financial year	<u>141,006,262</u>	<u>4,212,874</u>	<u>264,873,999</u>	<u>410,093,135</u>

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
<b>Group 2016</b>				
<b>Cumulative property development costs</b>				
At beginning of the financial year	170,221,406	4,693,510	301,421,590	476,336,506
Cost incurred during the financial year	639,085	-	133,589,902	134,228,987
Transfer from land held for property development (Note 8)	2,140,031	-	190,855	2,330,886
Transfer to land held for property development (Note 8)	(2,996,821)	-	-	(2,996,821)
Adjustment on completion of projects	(79,429)	(109,903)	(85,769,101)	(85,958,433)
Unsold units transferred to inventories	(4,118,102)	-	(108,936,982)	(113,055,084)
At end of the financial year	165,806,170	4,583,607	240,496,264	410,886,041
<b>Cumulative costs recognised in profit or loss</b>				
At beginning of the financial year	(16,949,128)	(591,751)	(58,378,817)	(75,919,696)
Recognised during the financial year (Note 26)	(2,762,869)	-	(44,702,759)	(47,465,628)
Adjustment on completion of projects	79,429	221,018	85,657,985	85,958,432
At end of the financial year	(19,632,568)	(370,733)	(17,423,591)	(37,426,892)
Property development costs at end of the financial year	146,173,602	4,212,874	223,072,673	373,459,149

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

	Group	
	2017 RM	2016 RM
Depreciation of property, plant and equipment	955,220	3,821,061
Employee benefits expense (Note a)	1,902,490	8,046,482
Interest on borrowing capitalised (Note 27)	4,983,675	5,241,220
Rental of plant and machinery and equipment	4,509,185	1,633,140

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Salaries, bonus and other staff related costs	1,734,142	7,643,774
Employees Provident Fund	154,669	368,152
Socso	13,679	34,556
	1,902,490	8,046,482

The Group's freehold and leasehold land and development expenditure with a net carrying amount of RM441,269,164 (2016: RM393,362,388) are pledged to secure the Group's bank borrowings as mentioned in Note 20.

Title of leasehold land of the Group with property development costs of RM9,848,430 (2016: RM9,913,654) registered under the name of a third party.

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

### 14. INVENTORIES

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Cost</b>		
Building materials and consumables	-	361,773
Properties held for sale	82,120,061	70,278,651
Stationery and housekeeping supplies	599,672	729,863
	82,719,733	71,370,287

The Group's inventories with a carrying amount of RM7,810,414 (2016: RM7,810,414) are pledged to secure the Group's bank borrowings as mentioned in Note 20.

**NOTES TO THE FINANCIAL STATEMENTS**

– 31 DECEMBER 2017 (cont'd)

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Construction contract cost incurred to date	18,468,720	22,631,119
Attributable profits	1,272,945	3,467,320
	<hr/>	<hr/>
	19,741,665	26,098,439
Less: Progress billings received and receivable	(15,895,329)	(15,941,016)
Less: Foreseeable losses	(1,556,959)	(2,868,909)
	<hr/>	<hr/>
	2,289,377	7,288,514
	<hr/>	<hr/>
Presented as:		
Gross amounts due from customers on contracts (Note 11)	2,289,377	7,288,514
	<hr/>	<hr/>

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Depreciation of property, plant and equipment	-	1,148,033
Employee benefits expenses (Note a)	-	791,959
Rental of plant and machinery	-	936,971
Rental of equipment	-	90,884
	<hr/>	<hr/>

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Salaries, bonus and other staff related costs	-	791,959
	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 16. TERM DEPOSITS AND SHORT TERM FUND

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Short term fund with licensed fund management company		
- redeemable at call	-	434,686
Cash deposit with licensed banks	582,553	570,734
	582,553	1,005,420

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

	<b>Maturities</b>		<b>Interest rates</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>Days</b>	<b>Days</b>	<b>%</b>	<b>%</b>
Licensed banks				
- Term deposits	15 - 352	15 - 352	2.15 - 3.15	2.15 - 3.15

The fixed deposits amounting to RM582,553 (2016: RM548,706) are pledged as security for bank guarantee facilities granted to the Group.

Included in fixed deposits is an amount of RM156,186 (2016: RM156,186) held in trust by a director of the Company.

### 17. CASH AND BANK BALANCES

#### Group

Included in cash at banks of the Group are amounts of RM9,791,562 (2016: RM25,185,157) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and are restricted from use in other operations.

**NOTES TO THE FINANCIAL STATEMENTS**

- 31 DECEMBER 2017 (cont'd)

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

	Number of ordinary shares		Group and Company			
	Share capital (issued and fully paid)	Treasury shares	Share capital (issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 1 January 2016	441,446,129	(39,405,515)	441,446,129	44,698,178	486,144,307	(74,593,405)
Share dividends	-	37,091,224	-	(44,698,178)	(44,698,178)	70,212,043
Bonus issue	87,553,450	-	87,553,450	-	87,553,450	-
Share buy back	-	(1,347,300)	-	-	-	(2,549,836)
At 31 December 2016 / At 31 December 2017	<u>528,999,579</u>	<u>(3,661,591)</u>	<u>528,999,579</u>	<u>-</u>	<u>528,999,579</u>	<u>(6,931,198)</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### (a) Share capital

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

#### (b) Treasury shares

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

The Company acquired Nil (2016: 1,347,300) shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM Nil (2016: RM2,549,836) and this was presented as a component within shareholders' equity.

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

### 19. OTHER RESERVES

Group	Capital reserve RM	Translation reserve RM	Total RM
<b>Transactions with owners:</b>			
At 1 January 2016	26,578,054	6,512,812	33,090,866
Foreign currency translation reserve	-	1,612,935	1,612,935
At 31 December 2016	26,578,054	8,125,747	34,703,801
Foreign currency translation reserve	-	(3,126,475)	(3,126,475)
At 31 December 2017	26,578,054	4,999,272	31,577,326

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

#### (a) Capital reserve

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

#### (b) Translation reserve

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



## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 20. BORROWINGS

	Group	
	2017 RM	2016 RM
<b>Non-current</b>		
Secured:		
Term loans	236,977,632	253,728,760
Finance lease liabilities	1,223,771	5,391,417
	238,201,403	259,120,177
<b>Current</b>		
Secured:		
Bank overdrafts (Note 33)	88,511,075	119,126,410
Revolving credits	465,556,213	503,261,810
Term loans	24,535,423	7,150,833
Finance lease liabilities	4,071,700	15,913,113
	582,674,411	645,452,166
	820,875,814	904,572,343

#### **Bank overdrafts**

Bank overdrafts are denominated in Ringgit Malaysia, bear interest ranging from 6.60% to 8.35% (2016: 6.60% to 8.35%) per annum and are secured by the followings:

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

#### **Revolving credits**

Revolving credits which are denominated in Ringgit Malaysia, bear interest at rates ranging from 4.80% to 5.94% (2016: 4.80% to 5.94%) per annum and are secured by the followings:

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 20. BORROWINGS (cont'd)

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

	Repayment terms	Interest rate	Security	Amounts outstanding	
				2017 RM	2016 RM
(i)	Repayable by 84 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM11,933, 49th to 83rd instalment of RM14,709 and 84th instalment of RM5,127,197	1.50% above bankers' cost of funds	Legal charge over certain inventories of the Group*	5,397,966	5,550,475
(ii)	Repayable by 84 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM107,401, 49th to 83rd instalment of RM132,377 and 84th instalment of RM46,144,773	1.50% above bankers' cost of funds	Legal charge over certain inventories of the Group*	48,581,697	49,954,275
(iii)	Repayable by 84 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM11,933, 49th to 83rd instalment of RM14,709 and 84th instalment of RM5,127,197	1.50% above bankers' cost of funds	Legal charge over certain inventories of the Group*	5,398,092	5,576,889
(iv)	Repayable by 84 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM107,401, 49th to 83rd instalment of RM132,377 and 84th instalment of RM46,144,773	1.50% above bankers' cost of funds	Legal charge over certain inventories of the Group*	48,582,830	50,191,993

**NOTES TO THE FINANCIAL STATEMENTS**

– 31 DECEMBER 2017 (cont'd)

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

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

	Repayment terms	Interest rate	Security	Amounts outstanding	
				2017 RM	2016 RM
(v)	Repayable by 47 monthly instalments of RM111,459 each commencing on the 37th month from the first drawdown.	1.50% above bankers' cost of funds	Legal charge over certain joint development land of the Group*	2,232,480	3,571,396
(vi)	Repayable by 84 monthly instalments of RM107,143 each commencing on the 37th month from the first drawdown.	1.50% above bankers' cost of funds	Legal charge over certain joint development land of the Group*	-	3,165,179
(vii)	Repayable by 156 monthly instalments commencing on the 49th month from the first drawdown. 49th to 60th instalment of RM50,000, 61st to 96th instalment of RM125,000, 97th to 132nd instalment of RM175,000. 133rd to 156th instalment of RM225,000, 157th to 168th instalment of RM275,000, 169th to 192nd instalment of RM325,000, 193rd to 203rd instalment of RM375,000 and 204th instalment of RM8,775,000	1.50% above bankers' cost of funds	Legal charge over certain inventories of the Group*	-	40,830,125
(viii)	Repayable by 59 monthly instalment of RM834,000 each with final principal repayment of RM794,000 commencing 37th from the date of first drawdown	1.65% above bankers' cost of funds	Legal charge over certain development land of the Group*	99,450,598	93,039,261

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 20. BORROWINGS (cont'd)

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

	Repayment terms	Interest rate	Security	Amounts outstanding	
				2017 RM	2016 RM
(ix)	Repayable by 120 equal instalments of RM96,873 commencing on the 7th month from the date of first drawdown	1.75% above bankers' cost of funds	Legal charge over certain investment properties of the Group*#	19,775,195	9,000,000
(x)	Repayable by 60 equal instalments of RM182,487 commencing on the 1st month from the date of first drawdown	8% flat rate	Legal charge over certain development properties of the Group*#	7,092,180	-
(xi)	Repayable by 84 equal instalments of RM357,000 commencing on the 1st month from the date of first drawdown	cap at 10% per annum	Legal charge over certain land held for development and inventories of the Group*#	25,000,000	-
				261,513,055	260,879,593

\* The term loans are guaranteed by the Company.

# The term loans are guaranteed by the Company and Directors

The term loans bear interest at rates ranging from 4.15% to 6.0% (2016: 4.5% to 6.0%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 20 BORROWINGS (cont'd)

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
On demand or within one year	575,310,506	645,452,166
More than 1 year and less than 5 years	232,801,473	188,438,805
More than 5 years	12,763,835	70,681,372
	820,875,814	904,572,343

#### Finance lease liabilities

Finance lease liabilities are payable as follows:

<b>Group</b>	<b>Future minimun lease payment RM</b>	<b>Future finance charges RM</b>	<b>Present value of minimum lease payment RM</b>
<b>2017</b>			
Within 1 year	4,248,092	176,392	4,071,700
Later than 1 year but not more than 5 years	1,387,492	163,721	1,223,771
	5,635,584	340,113	5,295,471
<b>2016</b>			
Within 1 year	16,351,162	438,049	15,913,113
Later than 1 year but not more than 5 years	5,453,301	61,884	5,391,417
	21,804,463	499,933	21,304,530

The finance lease liabilities bear effective interest at rates ranging from 2.80% to 4.05% (2016: 2.80% to 4.05%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 21. PROVISIONS

	Future Operating Lease Commitment RM	Rectification Work RM	Total RM
<b>Group 2017</b>			
At beginning of the financial year	14,147,132	242,517	14,389,649
Provision during the financial year (Note 28)	7,136,000	338,727	7,474,727
Utilitisation during the financial year	(5,831,672)	(466,084)	(6,297,756)
At end of the financial year	<u>15,451,460</u>	<u>115,160</u>	<u>15,566,620</u>
<b>2016</b>			
At beginning of the financial year	36,378,697	296,920	36,675,617
Provision during the financial year (Note 28)	4,792,132	534,004	5,326,136
Utilitisation during the financial year	(27,023,697)	(588,407)	(27,612,104)
At end of the financial year	<u>14,147,132</u>	<u>242,517</u>	<u>14,389,649</u>

The above provisions are classified as follows:

	Future Operating Lease Commitment RM	Rectification Work RM	Total RM
<b>Group 2017</b>			
Non-current	8,315,460	-	8,315,460
Current	7,136,000	115,160	7,251,160
	<u>15,451,460</u>	<u>115,160</u>	<u>15,566,620</u>
<b>2016</b>			
Non-current	5,914,839	-	5,914,839
Current	8,232,293	242,517	8,474,810
	<u>14,147,132</u>	<u>242,517</u>	<u>14,389,649</u>

#### Rectification work

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

Based on management's past experience, provision for rectification works are computed at 0.2% (2016: 0.2%) on the total contracted sum of completed contracts.

#### Future operating lease commitment

The Group entered into non-cancellable leaseback of certain units of service apartments from purchasers at rate ranging from 3.8% to 8% per annum of the respective units' sales consideration for the period up to September 2019. A provision is recognised where the expected benefits to be derived by the Group from the service apartments is less than the operating lease commitments. The obligation for the discounted future payments, net of expected income, has been provided for.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 22. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>Non-current</b>					
<b>Non-trade</b>					
Land costs payable	(c)	15,653,789	15,653,789	-	-
<b>Current</b>					
<b>Trade</b>					
Trade payables	(a)	61,241,945	57,688,897	-	-
<b>Non-trade</b>					
Other payables	(b)	62,183,045	54,561,436	376,899	406,203
Land costs payable	(c)	12,500,000	12,647,917	-	-
GST payable		3,280,985	5,083,577	-	-
Deposits		3,363,158	5,810,166	-	-
Accruals		12,175,064	8,948,539	-	-
Amount owing to a director		-	322,680	-	-
Amount owing to a subsidiary	(d)	-	-	8,891,015	7,841,015
		<u>154,744,197</u>	<u>145,063,212</u>	<u>9,267,914</u>	<u>8,247,218</u>

#### (a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 90 days (2016: 14 to 90 days).

Included in trade payables are:

- (i) amount owing to companies related to certain directors of RM381,771 (2016: RM2,420,492), which is under normal trade term; and
- (ii) retention sums of RM847,454 (2016: RM2,720,874).

#### (b) Other payables

Included in other payables of the Group are:

- (i) unsecured advances to the Group amounting to RM1,009,186 (2016: RM49,048,837) which are owing to companies in which certain directors have significant financial interest. The amounts owing are non-interest bearing, expected to be settled in cash and are repayable on demand;

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### (b) Other payables (cont'd)

- (ii) landowners' entitlement amounting to RM677,583 (2016: RM468,732) pursuant to the joint venture agreements entered into with the landowners; and
- (iii) unsecured advances to the Group amounting to RM Nil (2016: RM258,656) which are owing to persons related to certain directors have significant financial interest. The amounts owing are non-interest bearing, expected to be settled in cash and are repayable on demand.
- (iv) Advance to the Group of RM29,250,000 (2016: Nil) from a third party in respect of intended disposal of land; and
- (v) Land cost payable of RM12,500,000 (2016: RM12,500,000).

(c) Land costs payable which is under deferred payment terms have been derived based on discount rate of 6%.

(d) This amount is unsecured, interest free, expected to be settled in cash and is repayable on demand.

### 23. OTHER CURRENT LIABILITIES

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Progress billings in respect of property development costs	73,781,173	29,588,327

### 24. DIVIDENDS

	<b>Group/Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Share dividends:		
- 1st interim share dividend for 2015: 1 treasury share for every 100 existing ordinary shares	-	7,603,368
- 1st interim share dividend for 2016: 1 treasury share for every 25 existing ordinary shares	-	30,741,423
- final share dividend for 2015: 1 treasury share for every 25 existing ordinary shares	-	31,867,252
	-	38,344,791

The directors have recommended the following:

- (a) a final share dividend of 6 treasury shares for every existing 1000 ordinary shares, which will be proposed for shareholders' approval; and
- (b) a final single tier dividend of 0.7 sen per ordinary shares, which will be proposed for shareholders' approval.

The actual treasury shares and single tier dividend to be distributed will depend on the issued share capital on the entitlement date. Such dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2018.



## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 25. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Sale of:				
- development properties	191,909,281	66,345,066	-	-
- land held for property development	35,165,683	28,653,000	-	-
- completed property units	21,028,323	179,474,343	-	-
Project management consultation fee	8,000,000	2,000,000	-	-
Income from estates	2,295,125	1,627,382	-	-
Revenue from room sales, food and beverages	64,717,802	72,988,663	-	-
Proceeds from contract work	6,900,910	4,812,518	-	-
Rental income on:				
- properties	10,675,882	13,533,388	-	-
- plant and equipment	3,710,454	288,000	-	-
	<u>344,403,460</u>	<u>369,722,360</u>	<u>-</u>	<u>-</u>

### 26. COST OF SALES

	Group	
	2017 RM	2016 RM
Property development costs (Note 13)	96,715,160	47,465,628
Cost of land held for property development sold (Note 8)	7,587,546	1,782,904
Cost of completed property units	15,419,645	78,516,192
Construction contract costs	3,515,839	4,454,417
Direct cost in respect of		
- rental of plant and equipment	5,235,065	1,842,345
- rental of investment property	-	1,251,058
Estates costs	917,906	359,532
Hotel and other operation costs		
- rental of premises	17,157,118	25,686,493
- other costs	52,227,745	44,043,857
	<u>198,776,024</u>	<u>205,402,426</u>

**NOTES TO THE FINANCIAL STATEMENTS**

– 31 DECEMBER 2017 (cont'd)

**27. FINANCE COSTS**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Interest expense:		
- term loans	13,980,285	13,583,469
- bank overdrafts	5,467,474	5,804,023
- short term revolving credit	25,332,478	24,770,092
- others	-	1,195,239
	<u>44,780,237</u>	<u>45,352,823</u>
Interest expense capitalised in qualifying assets:		
- Property development costs (Note 13)	(4,983,675)	(5,241,220)
	<u>39,796,562</u>	<u>40,111,603</u>

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

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

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Auditors' remuneration				
- statutory audit	274,300	252,800	58,000	54,500
- other services	15,000	18,500	15,000	18,500
Depreciation of investment properties	1,990,996	5,402,071	-	-
Depreciation of property, plant and equipment	12,400,464	12,349,334	-	-
Employees benefits expense (Note 29)	43,317,956	43,357,479	-	-
Impairment loss on:				
- other receivables (Note 12)	121,310	244,947	-	-
- trade receivables (Note 12)	10,232,989	344,559	-	-
Interest expenses (Note 27)	39,796,562	40,111,603	-	-
Non-executive directors' remuneration (Note 30)	303,238	303,238	303,238	303,238
Property, plant and equipment written off	233,176	119,707	-	-
Provision for loss on contract works	-	2,799,741	-	-
Provision for rectification works (Note 21)	338,727	534,004	-	-
Provision for future operating lease commitment (Note 21)	7,136,000	4,792,132	-	-

**NOTES TO THE FINANCIAL STATEMENTS**

– 31 DECEMBER 2017 (cont'd)

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

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Rental of premises				
- included in cost of sales	17,157,118	25,686,493	-	-
- included in other operating and administrative expenses	1,740,722	6,098,543	-	-
Rental of lorry and tractor	11,700	917,800	-	-
Rental of office equipment	84,326	90,421	-	-
Rental of plant and machinery	2,432,644	3,278,590	-	-
Direct operating expenses from investment properties				
- Generated rental income	-	1,294,634	-	-
- Did not generate rental income	-	603,589	-	-
Gain on disposal of property, plant and equipment	(142,854)	-	-	-
Gain on disposal of investment property	(12,608,203)	-	-	-
Interest income	(336,643)	(165,553)	-	-
Profit from sale of building materials	(389,033)	(733,660)	-	-
Unrealised foreign exchange loss	-	1,067,186	-	-
Rental income from unsold completed properties	-	(2,494,506)	-	-
Rental income from properties				
- included in revenue	(10,675,882)	(13,533,388)	-	-
- included in other income	(3,603,366)	(941,528)	-	-
Rental income from machineries				
- included in revenue	-	(288,000)	-	-
- included in other income	(4,775,684)	(3,838,976)	-	-
Reversal of impairment loss on trade receivables (Note 12)	-	(10,000)	-	-
Reversal of impairment loss on other receivables (Note 12)	(740,371)	(62,185)	-	-

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 29. EMPLOYEES BENEFITS EXPENSE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, bonus and other staff related costs	39,246,295	37,659,559	-	-
Employees Provident Fund	3,785,827	5,391,499	-	-
Socso	285,834	306,421	-	-
	<u>43,317,956</u>	<u>43,357,479</u>	<u>-</u>	<u>-</u>

Included in employees benefits expense of the Group are executive directors' remuneration amounting to RM9,921,652 (2016: RM11,193,659).

### 30. DIRECTORS' REMUNERATION

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Executive:</b>				
Salaries and other emoluments	7,696,152	8,765,088	-	-
Bonus	641,346	641,348	-	-
Employees Provident Fund	1,584,128	1,787,223	-	-
	<u>9,921,626</u>	<u>11,193,659</u>	<u>-</u>	<u>-</u>
Total executive directors' remuneration (excluding benefits-in-kind) (Note 28)	9,921,626	11,193,659	-	-
Estimated monetary value of benefits-in-kind	8,800	15,300	-	-
	<u>9,930,426</u>	<u>11,208,959</u>	<u>-</u>	<u>-</u>
<b>Non-executive:</b>				
Fees	152,830	152,830	152,830	145,550
Other emoluments	150,394	150,408	150,408	150,408
	<u>303,224</u>	<u>303,238</u>	<u>303,238</u>	<u>295,958</u>
Total non-executive directors' emoluments	303,224	303,238	303,238	295,958
	<u>10,233,650</u>	<u>11,512,197</u>	<u>303,238</u>	<u>295,958</u>

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 31. TAX EXPENSE

	Group		Company	
	2017 RM	2016 RM Restated	2017 RM	2016 RM
<b>Current tax:</b>				
Malaysian - current financial year	21,959,195	23,549,202	-	-
- prior financial year	577,277	(1,651,455)	-	-
	<u>22,536,472</u>	<u>21,897,747</u>	-	-
<b>Deferred tax:</b>				
Origination and reversal of temporary differences	(4,871,085)	(5,426,320)	-	-
Overprovision in prior financial year	-	(2,108,021)	-	-
	<u>(4,871,085)</u>	<u>(7,534,341)</u>	-	-
Tax expense	<u>17,665,387</u>	<u>14,363,406</u>	-	-

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit/(Loss) before tax	<u>50,133,525</u>	<u>52,365,354</u>	<u>(674,668)</u>	<u>(1,073,862)</u>
Tax at the Malaysian statutory income tax rate of 24% (2016: 24%)	12,032,000	12,567,700	(161,900)	(257,700)
Expenses not deductible for tax purposes	5,839,910	6,930,999	161,900	257,700
Non-taxable income	(705,800)	(48,850)	-	-
Deferred tax recognised at different tax rate	-	(1,277,870)	-	-
Utilisation of previously unrecognised deferred tax assets	(301,000)	(389,477)	-	-
Deferred tax asset not recognised during the financial year	223,000	340,380	-	-
Under/(Over)provision in prior financial years				
- current tax	577,277	(1,651,455)	-	-
- deferred tax	-	(2,108,021)	-	-
Tax expense	<u>17,665,387</u>	<u>14,363,406</u>	-	-

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 32. EARNINGS PER SHARE

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

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

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

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Profit for the financial year attributable to owners of the Company used in the computation of basic and diluted earnings per share	32,468,138	38,001,948
	Number of shares	
Weighted average number of ordinary shares for basis earnings per share computation*	528,999,579	505,451,293

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

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

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

### 33. NOTES TO STATEMENTS OF CASH FLOWS

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

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Term deposits and fixed income fund	582,553	1,005,420	-	-
Cash and bank balances	22,017,824	34,061,290	116,274	185,660
Bank overdrafts (Note 20)	(88,511,075)	(119,126,410)	-	-
	(65,910,698)	(84,059,700)	116,274	185,660
Term deposits pledged (Note 16)	(582,553)	(570,734)	-	-
	(66,493,251)	(84,630,434)	116,274	185,660

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 34. RELATED PARTY DISCLOSURES

#### (a) Identify of related parties

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

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

#### (b) Related party transactions

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

(Received and receivable from)/ Paid and payable to related parties	Transactions	Group	
		2017 RM	2016 RM
<b>Director related company/firm</b>			
Actual Future Sdn. Bhd.	Purchase of construction materials	56,667	75,556
Various Promotion Sdn. Bhd.	Purchase of construction materials	427,652	826,651
Rapid Synergy Bhd.	Rental of property	-	302,438
Kar Sin Hardware Sdn. Bhd.	Rental of equipment and transportation	2,788,236	3,269,415
	Sale of properties	(1,615,000)	(3,281,009)
Kar Sin Ready Mix Sdn. Bhd.	Purchase of construction materials	1,187,234	2,303,844
	Rental income of properties	(30,000)	(60,000)
	Sale of properties	(3,250,000)	-
N.A.B. Holdings Sdn. Bhd.	Rental of equipment and transportation	35,100	126,360
Mutual Boundary Sdn. Bhd.	Purchase of construction materials	187,894	144,000
	Sale of properties	(6,630,312)	-
Yu & Associates	Legal services	2,867,908	1,995,933
	Rental of office receivable	(36,000)	(36,000)

**NOTES TO THE FINANCIAL STATEMENTS**

– 31 DECEMBER 2017 (cont'd)

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

**(b) Related party transactions** (cont'd)

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

(Received and receivable from)/ Paid and payable to related parties	Transactions	Group	
		2017 RM	2016 RM
<b>Director related company/firm</b>			
Caldera Machinery Sdn Bhd	Rental of equipment	880,088	-
	Rental income from equipment	(2,372,012)	-
Kar Sin Growth Sdn Bhd	Rental income of properties	(405,400)	-
	Commission income received	(135,150)	-
Kar Sin Premium Sdn Bhd	Rental income of properties	(207,871)	-
Kar Sin Target Sdn. Bhd.	Sale of properties	-	(6,736,000)
Pearl Total Sdn. Bhd.	Rental of premises	73,740	-
Six Pack Fitness Sdn. Bhd.	Rental income of properties	(235,200)	-
<b>Director</b>			
- directors	Sale of properties	(691,370)	(52,845,080)
	Legal services	161,362	345,590
	Guarantee return payable	12,570,683	14,328,395
- persons related to directors	Sale of properties	(3,200,560)	(48,292,380)
	Employee benefits	8,521,996	8,832,970
	Guarantee return payable	731,966	2,940,057

Companies related to a director:

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



## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### (b) Related party transactions (cont'd)

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

##### Companies related to a director: (cont'd)

- (iv) Rapid Synergy Bhd. is a company in which Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS is a non-independent and non-executive director.
- (v) Various Promotion Sdn. Bhd. is a company owned by spouse of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.
- (vi) Kar Sin One Sdn. Bhd. is a company owned by the sons of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.
- (vii) Halim & Yu Sdn. Bhd. is a company owned by Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT and his spouse.
- (viii) Kar Sin City Sdn. Bhd. is a company owned by the daughters of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.
- (ix) Arena Inovasi Sdn. Bhd. is a wholly-owned subsidiary of Perumahan Manjung Sdn. Bhd. Perumahan Manjung Sdn. Bhd. is a company in which Dato' Yu Kuan Huat DPMP, PMP, AMP, PPT and Dato' Dr Yu Kuan Chon, DIMP, PPT, MBBS both holds 46% equity interest.
- (x) Actual Future Sdn. Bhd. is owned by sons of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.
- (xi) Kar Sin Target Sdn. Bhd. is a company in which Dato' Dr Yu Kuan Chon, DIMP, PPT, MBBS has interest.
- (xii) Mutual Boundary Sdn. Bhd. is owned by sons of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.
- (xiii) Caldera Machinery Sdn. Bhd. is a company in which Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT owns 50% equity interest.
- (xiv) Kar Sin Growth Sdn. Bhd. is owned by the sons of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.
- (xv) Kar Sin Premium Sdn, Bhd. is owned by the daughters of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.
- (xvi) Peral Total Sdn. Bhd. is owned by the daughters of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.
- (xvii) Six Pack Fitness Sdn. Bhd. is owned by Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT.
- (xiii) The guarantee return payable is in respect of purchase guarantee return of Lot 163 (Fraser Place Kuala Lumpur) and Lot 188 (Fraser Residence Kuala Lumpur) in which all the purchasers are entitled to for the unit purchased and leased back.

##### Sales of properties

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

Information regarding outstanding balances arising from related party transactions as at the reporting date is disclosed in Notes 12 and 22.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### (c) Compensation of key management personnel

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Executive</b>				
Salaries and other emoluments	7,696,152	8,765,088	-	-
Bonus	641,346	641,348	-	-
Employees Provident Fund	1,584,128	1,787,223	-	-
Total executive directors' remuneration (excluding benefits-in-kind) (Note 28)	9,921,626	11,193,659	-	-
Estimated monetary value of benefits-in-kind	8,800	15,300	-	-
Total executive directors' remuneration (including benefits-in-kind)	9,930,426	11,208,959	-	-
<b>Non-executive</b>				
Fees	152,830	152,830	152,830	145,550
Other emoluments	150,394	150,408	150,408	150,408
Total non-executive directors' emoluments	303,224	303,238	303,238	295,958
	10,233,650	11,512,197	303,238	295,958

### 35. FINANCIAL INSTRUMENTS

#### (a) Categories of financial statements

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

Group 2017 Financial assets	Loans and receivables RM	Total RM
Receivables and deposits #	109,473,867	109,473,867
Accrued billings in respect of property development cost	65,404	65,404
Amount due from customers for contract works	2,289,377	2,289,377
Cash and cash equivalents	22,600,377	22,600,377
	134,429,025	134,429,025

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

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

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

<b>Group 2017 Financial liabilities</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
Payables and accruals #	167,117,001	167,117,001
Borrowings	820,875,814	820,875,814
	987,992,815	987,992,815
<b>Group 2016 Financial assets</b>	<b>Loans and receivables RM</b>	<b>Total RM</b>
Receivables and deposits #	167,008,652	167,008,652
Accrued billings in respect of property development cost	863,736	863,736
Amount due from customers for contract works	7,288,514	7,288,514
Cash and cash equivalents	35,066,710	35,066,710
	210,227,612	210,227,612
<b>Group 2016 Financial liabilities</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
Payables and accruals #	155,633,424	155,633,424
Borrowings	904,572,343	904,572,343
	1,060,205,767	1,060,205,767

# Excluding GST refundable and GST payable

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

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

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

<b>Company 2017 Financial assets</b>	<b>Loans and receivables RM</b>	<b>Total RM</b>
Receivables and deposits	3,843,205	3,843,205
Cash and cash equivalents	116,274	116,274
	3,959,479	3,959,479
<b>Company 2017 Financial liabilities</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
Payables and accruals	9,267,914	9,267,914
	9,267,914	9,267,914
<b>Company 2016 Financial assets</b>	<b>Loans and receivables RM</b>	<b>Total RM</b>
Receivables and deposits	33,239,551	33,239,551
Cash and cash equivalents	185,660	185,660
	33,425,211	33,425,211
<b>Company 2016 Financial liabilities</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
Payables and accruals	8,247,218	8,247,218
	8,247,218	8,247,218

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 36. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

#### (b) Borrowings

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

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

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

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

	<b>Group</b>	
	<b>Carrying</b>	<b>Fair</b>
	<b>Amount</b>	<b>Value</b>
	<b>RM</b>	<b>RM</b>
<b>2017</b>		
<b>Financial assets</b>		
Other receivables (non-current)	3,318,418	3,318,418
<b>Financial liabilities</b>		
Finance lease liabilities	5,295,471	5,295,471
Land costs payable	28,153,789	28,153,789
<b>2016</b>		
<b>Financial assets</b>		
Other receivables (non-current)	4,935,486	4,935,486
<b>Financial liabilities</b>		
Finance lease liabilities	21,304,530	21,304,530
Land cost payable	28,301,706	28,301,706

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 37. FAIR VALUE MEASUREMENT

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

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

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

	<b>Fair value of financial instruments not carried at fair value</b>			
	<b>Amount RM</b>	<b>Level 1 RM</b>	<b>Level 2 RM</b>	<b>Level 3 RM</b>
<b>2017 Group</b>				
Other receivables (non-current)	3,318,418	-	-	3,318,418
Finance lease liabilities	5,295,471	-	-	5,295,471
Land costs payable	28,153,789	-	-	28,153,789
	<hr/>	<hr/>	<hr/>	<hr/>
<b>2016 Group</b>				
Other receivables (non-current)	4,935,486	-	-	4,935,486
Finance lease liabilities	21,304,530	-	-	30,518,968
Land costs payable	28,301,706	-	-	27,182,820
	<hr/>	<hr/>	<hr/>	<hr/>

#### Policy on transfer between levels

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

During the financial year ended 31 December 2017 and 2016, there was no transfer between the fair value measurement hierarchy.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

#### (a) Credit risk

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

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

##### Exposure to credit risk

The Group does not have any significant credit risk exposure to any individual customer or groups of customers. The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 12.

##### Financial guarantee

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

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

The maximum exposure to credit risk amounts to RM818,520,048 (2016: RM883,267,813) representing the outstanding credit facilities of the subsidiaries guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiaries would default on its repayment.

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

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### (b) Liquidity risk

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

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

As at 31 December 2017, the Group's current liabilities exceeded its current assets by RM170,044,665 and the Group had short term borrowings of RM582,674,411.

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

- (ii) Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount RM	Total Contractual Cash flows RM	On demand or within one year RM	One to five years RM	More than five years RM
<b>2017 Group</b>					
<b>Financial liabilities:</b>					
Trade and other payables	167,117,001	167,117,001	167,117,001	-	-
Borrowings	820,875,814	861,828,905	597,643,658	248,428,047	15,757,200
	<u>987,992,815</u>	<u>1,028,945,906</u>	<u>764,760,659</u>	<u>248,428,047</u>	<u>15,757,200</u>



## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### (b) Liquidity risk (cont'd)

##### (ii) Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations. (cont'd)

	Carrying amount RM	Total Contractual Cash flows RM	On demand or within one year RM	One to five years RM	More than five years RM
<b>2017 Company</b>					
<b>Financial liabilities:</b>					
Trade and other payables	9,267,914	9,267,914	9,267,914	-	-
Financial guarantee contracts	-	815,580,343	815,580,343	-	-
	<u>9,267,914</u>	<u>824,848,257</u>	<u>824,848,257</u>	<u>-</u>	<u>-</u>
<b>2016 Group</b>					
<b>Financial liabilities:</b>					
Trade and other payables	155,633,424	155,633,424	125,901,568	-	-
Borrowings	904,572,343	963,592,525	658,924,035	219,574,167	85,094,323
	<u>1,060,205,767</u>	<u>1,119,225,949</u>	<u>784,825,603</u>	<u>219,574,167</u>	<u>85,094,323</u>
<b>Company</b>					
<b>Financial liabilities:</b>					
Trade and other payables	8,247,218	8,247,218	8,247,218	-	-
Financial guarantee contracts	-	883,267,813	883,267,813	-	-
	<u>8,247,218</u>	<u>891,515,031</u>	<u>891,515,031</u>	<u>-</u>	<u>-</u>

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates to interest bearing financial assets and financial liabilities. Interest bearing financial assets mainly include cash deposits with licensed banks. Deposits are placed for better yield returns than cash at banks and to satisfy conditions for bank guarantee.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

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

#### (c) Interest rate risk (cont'd)

The Group's interest bearing financial liabilities comprise bank overdrafts, revolving credits and term loans.

The fixed deposits placed with licensed banks at fixed rate exposes the Group to fair value interest rate risk. The bank overdrafts, revolving credits and term loans totaling RM815,580,343 (2016: RM883,267,813) at floating rate expose the Group to cash flow interest rate risk whilst the finance lease payable of RM2,355,766 (2016: RM21,304,530) expose the Group to fair value interest rate risk.

The Group actively reviews its debts portfolio to ensure favourable rates are obtained, taking into account the investment holding period and nature of asset.

#### Sensitivity analysis for the interest rate risk

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonably possible change in RM interest rate, with all other variables held constant.

	<b>Group</b>	
	<b>Increase/ (decrease) in basis points</b>	<b>Effect on profit net of tax RM</b>
<b>2017</b>		
- Ringgit Malaysia	25	(1,549,600)
- Ringgit Malaysia	(25)	1,549,600
	<hr/>	<hr/>
<b>2016</b>		
- Ringgit Malaysia	25	(1,678,200)
- Ringgit Malaysia	(25)	1,678,200
	<hr/>	<hr/>

### 39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2017 and 31 December 2016.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 39. CAPITAL MANAGEMENT (cont'd)

During the financial year, the Group monitors capital using a gearing ratio, which is net debts divided by total capital plus net debts. The gearing ratio as at 31 December 2017 and 2016 were as follows:

	Note	2017 RM	2016 RM
Borrowings	20	820,875,814	904,572,343
Trade and other payables	22	186,051,775	176,370,790
Less: Term deposits and Short term fund	33	(582,553)	(1,005,420)
Less: Cash and bank balances	33	(22,017,824)	(34,061,290)
Net debts		984,327,212	1,045,876,423
Equity attributable to the owners of the Company		936,715,592	907,373,929
Total capital and net debts		1,921,042,804	1,953,250,352
Gearing ratio		51%	51%

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

### 40. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on two reportable operating segments as follows:

#### (a) The property development segment

The property development segment is in business of constructing, developing residential and commercial properties. This reportable segment has been formed by aggregating the property construction/ development operating segment, estates, trading or supply of construction materials and the investment properties operating segment, which are regarded by management to exhibit similar economic characteristics.

#### (b) The hotel and hospitality segment

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

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

The executive directors monitor the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before tax. Group income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments were carried out on negotiated terms.

**NOTES TO THE FINANCIAL STATEMENTS**

- 31 DECEMBER 2017 (cont'd)

**40. SEGMENT INFORMATION** (cont'd)

	Property Development		Hotel and Hospitality		Adjustment and elimination		Notes	Per consolidated financial statements	
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM		2017 RM	2016 RM
<b>Revenue:</b>									
External customers	279,685,658	296,733,697	64,717,802	72,988,663	-	-		344,403,460	369,722,360
Inter-segment	-	-	85,738	71,766	(85,738)	(71,766)	A	-	-
	279,685,658	296,733,697	64,803,540	73,060,429	(85,738)	(71,766)	-	344,403,460	369,722,360
<b>Results:</b>									
Interest income	336,522	153,278	1,879,629	1,645,822	(1,879,508)	(1,635,547)	B	336,643	163,553
Depreciation	11,199,336	6,063,366	2,156,348	6,285,968	-	-		13,355,684	12,349,334
Finance costs	39,037,830	39,126,436	758,732	985,167	-	-	B	39,796,562	40,111,603
Other non-cash expenses/(income)	17,321,831	3,970,773	-	4,792,132	-	-	C	17,321,831	8,762,905
Segment profit/(loss)	97,614,371	81,185,349	(47,480,846)	(28,819,993)	-	-		50,133,525	52,365,356
<b>Assets:</b>									
Additions to non-current assets other than financial instruments and deferred tax assets	109,566,673	138,303,838	266,672	423,234	-	-	D	109,833,345	138,727,072
Segment assets	1,805,575,648	1,759,401,926	255,298,971	302,532,189	-	-		2,060,874,619	2,061,934,115
<b>Liabilities:</b>									
Segment total liabilities	830,631,039	803,937,044	293,527,988	350,623,141	-	-		1,124,159,027	1,154,560,185

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 40. SEGMENT INFORMATION (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

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

	<b>2017</b> <b>RM</b>	<b>2016</b> <b>RM</b>
Inter-segment interest	1,879,508	1,635,547

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

	<b>2017</b> <b>RM</b>	<b>2016</b> <b>RM</b>
Property, plant and equipment written off	233,176	119,707
Impairment loss on trade and other receivables	10,354,299	589,506
Provision	7,474,727	5,326,13
Provision for contract loss	-	2,799,741
Reversal of impairment loss on trade and other receivables	(740,371)	(72,185)
	<u>17,321,831</u>	<u>8,762,905</u>

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

	<b>2017</b> <b>RM</b>	<b>2016</b> <b>RM</b>
Land held for property development	21,348,469	13,427,676
Property, plant and equipment	15,238,457	2,226,058
Investment properties	8,577,419	9,641,307
Deposits for joint venture and turnkey contracts	64,669,000	113,432,031
	<u>109,833,345</u>	<u>138,727,072</u>

#### Geographical information

The Group's operations are located only in Malaysia.

#### Major customer information

There is no single customer with revenue equal or more than 10% of the Group revenue.

## NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2017 (cont'd)

### 41. OPERATING LEASE ARRANGEMENTS

#### (a) The Group as lessee

The future aggregate minimum lease payments under non-cancellable operating lease contracted for as at the reporting date but not recognised as liabilities are as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Future minimum rental payments:		
Not later than 1 year	27,509,575	13,315,832
Later than 1 year and not later than 5 years	8,276,325	8,404,002
	<u>35,785,900</u>	<u>21,719,834</u>
Less: Provision for future operating lease commitment (Note 21)	(15,451,460)	(14,147,132)
	<u>20,334,440</u>	<u>7,572,702</u>

The operating lease commitments are in respect of leaseback of service apartments and office suites from the purchasers at 3.8% to 8% per annum of the respective units' sale consideration for the purpose of operating the serviced residence, sub-lease of office suite and use as business premises. The lease for the service apartments is for a period of 2 years from the commencement date as set out in the respective leaseback agreements and may be extended for another 3 years. The lease for the office suites is for a period of 3 years from the commencement date as set out in the respective leaseback agreements and may be extended for a period of between 2 years and 15 years.

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

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

#### (b) The Group as lessor

The Group has entered into property leases, which comprise freehold land with shopping complex and freehold land with private hospital, with non-cancellable lease terms of 10 years. The lease with the shopping complex may be renewed for a further 3 terms of 5 years each and contain a clause to enable upward revision on each renewal while the lease with private hospital may be renewed for a further 15 years at the option of the lessee.

**NOTES TO THE FINANCIAL STATEMENTS**

– 31 DECEMBER 2017 (cont'd)

**41. OPERATING LEASE ARRANGEMENTS** (cont'd)

**(b) The Group as lessor** (cont'd)

The future minimum rentals receivable under non-cancellable operating lease at the reporting date but not recognised as receivables, are as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Future minimum rental receivables:		
Not later than 1 year	10,351,000	10,477,000
Later than 1 year and not later than 5 years	41,884,000	37,828,000
Later than 5 years	33,731,953	27,582,917
	85,966,952	75,887,917

**42. CAPITAL COMMITMENT**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Capital expenditure approved and contracted for:-</b>		
- Property, plant and machinery	-	12,000,000
- Investment property	-	2,140,000
	-	14,140,000

## **STATEMENT BY DIRECTORS**

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

We, **DATO' YU KUAN HUAT, DPMP, PMP, AMP, PPT** and **DATO' DR. YU KUAN CHON, DIMP, PPT, MBBS** 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 37 to 118 are drawn up in accordance with the 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 2017 and of their financial performance and cash flows for the financial year then ended.

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

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

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

Date: 26 April 2018



## **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 37 to 118 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

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

Subscribed and solemnly declared by the abovenamed at Ipoh in the state of Perak Darul Ridzuan on 26 April 2018.

Before me

**Wong Hock Seng, PPT (A245)**

Pesuruhjaya Sumpah  
Commissioner for Oaths

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

(Incorporated in Malaysia)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of YNH Property Bhd., which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 37 to 118.

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 2017, and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

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

#### Key Audit Matters

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

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#### Goodwill on consolidation (Note 10 to the financial statements)

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

#### Our response:

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

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

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

(Incorporated in Malaysia)

### Key Audit Matters (cont'd)

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#### Provision for future operating lease commitment (Note 21 to the financial statements)

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

#### Our response:

Our audit procedures included, among others:

- comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
- reviewing the cash flow projection by comparing the Group's assumptions to previous data, if available, in relation to key inputs such as revenue and profit margin; and
- testing the mathematical accuracy of the cash flow projection calculation.

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

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

#### Our response:

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

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

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

(Incorporated in Malaysia)

### Key Audit Matters (cont'd)

#### **Funding requirements and ability to meet short term obligations (Note 38(b)(i) to the financial statements)**

As at 31 December 2017, included in the Group's current liabilities are short term payables and accruals of RM154,774,197 and short term borrowings of RM582,674,411. We focus on this area due to the significant amount of short term liabilities, which resulted in the Group's current liabilities exceeding its current assets by RM170,044,665.

The Group's policies and processes for the management of liquidity risk is disclosed in Note 38(b)(i) to the financial statements.

#### **Our response:**

Our audit procedures included, among others:

- reviewing the cash flow forecast over the next 12 months;
- comparing the actual results with previous cash flow forecast to assess the performance of the business and historical accuracy of the forecast;
- reviewing the Group's assumptions in the cash flow forecast in relation to key inputs such as revenue and profit margins;
- 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.

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

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

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

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

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

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

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Financial Reporting Standards and the requirements of the Companies Act 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.

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

(Incorporated in Malaysia)

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

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

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

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

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

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

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

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

(Incorporated in Malaysia)

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

**Other Matters**

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

Baker Tilly Monteiro Heng  
AF 0117  
Chartered Accountants

Kuala Lumpur

Date: 26 April 2018

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

**LIST OF PROPERTIES**

Location	Description Property	Remaining Land Area @ 31.12.17 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.17 (RM)	Year of Acquisition/ Last Revaluation
Bal Lot 6154 & 6555 & Lot 6518 Mkm Lumut, Perak (Old Lot No.1557 & 1932)						
- Portion for own investment (PT2781-2782)	Property, plant and equipment	27.94	Agricultural / for investment	Freehold	5,142,000	2001
- Portion for fixed asset (G28079, PT2722-2780, 2785, 2822-2823)	Property, plant and equipment	142.51	Agricultural / for investment	Freehold	26,447,000	2001
Lot 1612, Mukim Kota Lama Kiri, Kuala Kangsar	Property, plant and equipment	13.14	Agricultural / for investment	Freehold	4,274,000	2001
Lot 2795, Mukim Lumut, Daerah Manjung, Perak	Property, plant and equipment	25.00	Agricultural / for investment	Freehold	15,246,000	2001
Lot 36480 & Lot 36481, Sungai Terap, Perak	Property, plant and equipment	25.00	Agricultural / for investment	Leasehold (28.11.2109)	2,248,000	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)	33,235,000	2016 *
HS (D) Dgs 11772 PT8073 Mukim Lumut, Perak	Vacant Land and approved for development	-	Proposed development – residential	Freehold	-	2001
Lot 11442-Lot 11447, Mukim Ulu Langat, Daerah Ulu Langat, Daerah Selangor	Property, plant and equipment	6.61	Ready mixed site	Freehold	7,664,000	2013 *
Lot 198272, Mukim Hulu Kinta, Daerah Kinta, Perak	Property, plant and equipment	3.00	Vacant land	Leasehold (9.8.2052)	2,088,000	2014
PT913, Mukim Sungai Buluh, Daerah Petaling, Selangor	Property, plant and equipment	0.88	Ready mixed site	Leasehold (1.3.2114)	4,516,000	2014
PT914, Mukim Sungai Buluh, Daerah Petaling, Selangor	Property, plant and equipment	0.82	Ready mixed site	Leasehold (1.3.2114)	4,196,000	2014
PT2176, Mukim Sungai Buluh, Daerah Petaling, Selangor	Property, plant and equipment	0.51	Ready mixed site	Leasehold (8.9.2054)	2,627,000	2014
Lot 6555 – PT2791, Mukim of Lumut, Daerah Manjung, Perak	Planted with oil palm tree and approved for development	25.00	Proposed mixed development – commercial and residential	Freehold	5,715,000	2001
Lot 6555 - PT2792, PT2793, PT2794, Mukim Lumut, Daerah Manjung, Perak	Planted with oil palm tree and approved for development	60.00	Proposed Hock Chew Centre and mixed development	Freehold	13,490,000	2001
Portion for future development (PT2791, PT2792, PT2793), Perak	Planted with oil palm tree and approved for development	-	Pinggiran Manjung Point - commercial and residential	Freehold	-	-

\* Year of Acquisition

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

Location	Description Property	Remaining Land Area @ 31.12.17 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.17 (RM)	Year of Acquisition/ Last Revaluation
PT2796, PT2797, part PT2798, part PT2799, Mukim Lumut, Perak	Vacant land approved for development	37.96	Proposed commercial development	Freehold	10,885,000	2001
Entry No.1577 Lot 712 Mukim Lumut, Perak	Planted with oil palm tree and approved for development	-	Proposed mixed development – commercial and residential	Freehold	468,000	2001
Entry No. 1380 Lot 1387 Mukim Lumut, Perak		4.78		Freehold		
HS (D) Dgs 1203/78 Lot 2740 Mukim Pengkalan Bharu, Perak	Planted with oil palm tree and approved for development	9.60	Taman Suria, Pantai Remis – commercial and residential	Freehold	1,396,000	2001
HS (D) Dgs 1204/78 Lot 2741 Mukim Pengkalan Bharu, Perak				Freehold		
Geran 36493, Lot 495 & Geran 36944, Lot 496, Town of Lumut, Daerah Manjung, Perak	Vacant Land and approved for development	0.70	Proposed mixed development – commercial and residential	Freehold	1,230,000	2001
CT 17320 Lot 117 Town of Lumut, Perak	Vacant Land and approved for development	0.83	Proposed mixed development – commercial and residential	Freehold	541,000	2001
EMR 379 Lot 380 Mukim Pengkalan Bharu, Perak	Vacant Land and approved for development	1.37	Proposed mixed development	Freehold	318,000	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	2,856,000	2001
EMR 9714 Lot 10054 Mukim Sitiawan, Perak	Planted with oil palm tree and approved for development	3.08	Proposed mixed development – commercial and residential	Freehold	416,000	2001
EMR 5198 Lot 4622 Mukim Sitiawan, Perak	Planted with oil palm tree and approved for development	5.04	Proposed mixed development – commercial and residential	Freehold	987,000	2001
Geran 7419 Lot 15655 Mukim Sitiawan, Perak	Planted with oil palm tree and approved for development	3.04	Proposed development – residential	Freehold	1,409,000	2001
HS(D)Dgs1673/83 PT10382 & (Lot No. 25893 25900) HS(D)Dgs 1680/83 PT10389 Mukim Sitiawan, Perak	Vacant Land	0.04	Proposed mixed development – residential and commercial	99 years (23.9.2082)	46,000	2001

\* Year of Acquisition



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

Location	Description Property	Remaining Land Area @ 31.12.17 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.17 (RM)	Year of Acquisition/ Last Revaluation
HS(D)Dgs 830/89 PT625 Bandar Lumut, Perak	Vacant Land	0.75	Proposed development – residential	60 years (7.6.2049)	273,000	2001
Lot 1983, Lot 1984 (GM1246, GM1247) Mukim Lumut, Daerah Manjung, Perak	Vacant Land	2.97	Agricultural land	Freehold land	249,000	2004 *
Bal Lot 6154 & 6555 & Lot 6518 Mkm Lumut (Old Lot No. 1557 & 1932) PT2789-PT2790, Perak	Vacant Land	50.00	Proposed for clubhouse usage	Freehold	9,045,000	2004 *
Lot 140, Town of Lumut, Perak	Vacant Land	0.69	Proposed mixed development	Freehold	177,000	2005 *
Lot 732, 733, all in Mukim of Sitiawan, Perak	Vacant Land	0.02	Proposed mixed development	Freehold	89,000	2005 *
GM 2017 Lot 263 Town of Sitiawan, Perak	Vacant Land and approved for development	1.00	Proposed development – commercial	Freehold	858,000	2001
Lot 31776-31780 PT47587-47591 Mukim Sitiawan (Old Lot No. 15173-15177) Perak	Vacant Land and approved for development	0.20	Proposed mixed development – commercial and residential	99 years (5.5.2088)	163,000	2001
Balance Lot 4818 Mukim Lumut (PT6677, 6678, 4118-4133 4510-4592, 4673-4778, 4840-4853, PN84692, PN84694) Perak	Vacant Land and approved for development	0.45	Taman Samudera, Phase 10 & 11 – commercial and residential	99 years (27.3.2093 [PT 6677 & 6678] and 19.5.2091 [the rest])	1,572,000	2001
Geran 7270-7273 Lot 14851-14854 Mukim Sitiawan, Perak	Vacant Land and approved for development	23.87	Taman Limbungan, Kg. Acheh, Sitiawan – commercial and residential	Freehold	5,948,000	2001
Geran 7274 Lot 14855 Mukim Sitiawan (Old Lot No. 34043) (Lot 31656) Perak						
Geran 7276 Lot 14857 Mukim Sitiawan (Old Lot No. 34045)(Lot 21658) Perak						
GM 375 & 376 Lot 6493 & 6494 Mukim Lumut (Old EMR No. 2424 Lot 4275), Perak	Vacant Land and approved for development	1.12	Proposed development – commercial	Freehold	709,000	2001

\* Year of Acquisition

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

Location	Description Property	Remaining Land Area @ 31.12.17 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.17 (RM)	Year of Acquisition/ Last Revaluation
EMR 9488 Lot 9187 Mukim Sitiawan, Perak	Vacant Land and approved for development	0.51	Proposed mixed development – commercial and residential	Freehold	63,000	2001
HS (M) 1528 PT1728 Mukim Sitiawan, Perak	Vacant Land and approved for development				49,000	2001
PT22973-PT22975, Bandar Baru, Sri Manjung, Perak - Commercial Complex	Vacant Land and approved for development	0.38	Commercial Land, Jalan Lumut, Sri Manjung	99 years (25.2.2101)	424,000	2001
- Shops unit		0.08	Commercial	99 years (25.2.2101)	70,000	
Lot 246 Village of Pekan Gurney, Perak	Vacant Land and approved for development	2.90	Taman Delima, Ayer Tawar – residential	Freehold	439,000	2001
Lot 4818 Mukim Lumut HS (D) Dgs 3618-3663 (Lot 10685)-Hawker Center Perak	Vacant Land and approved for development	2.27	Taman Samudera, Sri Manjung – commercial and residential	99 years (29.9.2094)	3,514,000	2001
Geran 18770 Lot 3335 Mukim Pengkalan Bharu Perak	Vacant Land and approved for development	18.20	Taman Bintang, Pantai Remis – commercial and residential	Freehold	2,570,000	2001
Geran 9851 Lot 379 Town of Lumut, Perak	Vacant Land and approved for development	1.75	Lumut Ria Condominium, Lumut – residential	Freehold	3,844,000	2001
Lot 6555 – PT 2786 Mukim of Lumut Perak	Vacant Land and approved for development	0.65	Taman Desa, Manjung Point – residential	Freehold	230,000	1993
Lot 5,6,182,524,1145-1147 (Trong), Perak	Vacant Land and approved for development	1.53	Taman Seri Trong Perak, Taiping – commercial	Freehold	419,000	1996
Lot 15541, Geran 7305 Mukim of Sitiawan	Vacant Land	4.04	Proposed mixed development	Freehold	1,296,000	2017 *
Geran 21668 Lot 6274 Mukim Beruas, Perak	Planted with oil palm tree and not approved for development	75.00	Proposed mixed development – commercial and residential	Freehold	2,825,000	1989

\* Year of Acquisition

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

Location	Description Property	Remaining Land Area @ 31.12.17 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.17 (RM)	Year of Acquisition/ Last Revaluation
Lot 14785-14788 (old lot 26789-26793), PT19589-PT19637 Mukim Sitiawan, Perak	Vacant Land and approved for development	5.38	Proposed mixed development – commercial and residential	Leasehold	4,200,000	2001
Lot 17768, PT4860 and Lot 17769, PT4861 & PT4862 Mukim Lumut, Perak	Vacant Land and approved for development	5.08	Proposed mixed development – commercial and residential	99 years (29.04.2101)	4,783,000	2001
Lot 803, EMR1616, Mukim Sitiawan, Daerah Manjung, Perak	Vacant Land and approved for development	2.97	Proposed mixed development	Freehold	1,270,000	2004 *
Lot 716, Village of Simpang Empat, Mukim Sitiawan, Daerah Manjung, Perak	Vacant Land and approved for development	0.02	Proposed mixed development	Freehold	163,000	2005 *
Lot 717, Village of Simpang Empat, Mukim Sitiawan, Daerah Manjung, Perak	Vacant Land and approved for development	0.02	Proposed mixed development	Freehold	155,000	2005 *
Lot 721, Village of Simpang Empat, Mukim Sitiawan, Daerah Manjung, Perak	Vacant Land and approved for development	0.01	Proposed mixed development	Freehold	130,000	2005 *
Lot 722, undivided 1/3 land under HSM 86/68, Mukim Sitiawan, Perak	Vacant Land and approved for development	0.03	Proposed mixed development	Freehold	91,000	2005 *
Lot 188, Mukim Lumut, Daerah Manjung, Perak	Vacant Land and approved for development	4.50	Proposed mixed development	Freehold	2,039,000	2005 *
Lot 5614 (GRN61063) and Lot 5615 (GRN61064), Mukim Batang Padang, Perak	Vacant Land approved for development	14.74	Proposed mixed development	Freehold	660,000	2005 *
Lot 448 (New lot 13707, Mukim Batu, Daerah Kuala Lumpur	Vacant land approved for development	6.49	Proposed high rise condominium	Freehold	23,113,000	2007 *
Lot 3719, HSD 83603, Wilayah Persekutuan, Daerah Kuala Lumpur	Vacant land approved for development	2.98	Proposed mixed development	Freehold	12,336,000	2007 *
Lot 41023, 41024, 41025, 41026 Mukim Lumut, Daerah Manjung, Perak	Vacant land approved for development	48.62	Proposed mixed development	Freehold	24,116,000	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 *

\* Year of Acquisition

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

Location	Description Property	Remaining Land Area @ 31.12.17 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.17 (RM)	Year of Acquisition/ Last Revaluation
Lot 15700, Mukim Sitiawan, Perak	Vacant land approved for development	1.55	Proposed mixed development	Freehold	897,000	2008 *
PT 11202 & PT 11388, Mukim Bentong, Pahang Darul Makmur	Vacant land	91.49	Proposed mixed development and resort development	Freehold	17,834,000	2008 *
Lot 382868 (old PT 212710), Mukim Hulu Kinta, Daerah Kinta, Perak	Vacant land approved for development	1.40	Proposed commercial development	Leasehold (24.7.2105)	5,924,000	2008 *
PT 2788, Mukim Lumut, Daerah Manjung, Perak	Vacant land approved for development	15.00	Proposed mixed development	Freehold	13,077,000	2008 *
PT 357017, Mukim Hulu Kinta, Daerah Kinta, Perak	Vacant land approved for development	1.00	Proposed mixed development	Leasehold (4.6.2103)	1,841,000	2008 *
Lot 29760 & 29761, Mukim Sungai Terap, Daerah Kinta, Perak	Vacant land approved for development	36.00	Proposed mixed development	Leasehold (25.11.2101)	5,781,000	2008 *
PT 6152, Mukim Pengkalan Baharu, Perak	Vacant land approved for development	2.92	Proposed mixed development	Freehold	615,000	2008 *
Lot 337443-Lot 307541, Mukim Kampar, Daerah Kampar, Perak	Vacant land approved for development	3.46	Proposed mixed development	Leasehold (10.2.2103)	1,507,000	2009 *
Lot 51845 (Old Lot 180, PT22972), Bandar Baru Seri Manjung, Mukim Sitiawan, Daerah Manjung, Perak	Vacant land approved for development	5.12	Proposed commercial development	Leasehold (15.6.2099)	4,028,000	2001
PT6151, Mukim Pengkalan Baru, Perak	Vacant land approved for development	3.16	Proposed mixed development	Freehold	991,000	2011 *
Lot 6254, Lot 307627-Lot 307696, PT 17105-PT 17194, Lot 308020-Lot 308097, Lot 305190, Mukim Kampar, Perak	Vacant land approved for development	12.70	Proposed mixed development	Freehold	18,248,000	2012 *
Lot 40931, Mukim Sitiawan, Perak	Vacant land	1.46	Proposed mixed development	Freehold	517,000	2011 *
Lot 412, Mukim Pengkalan Baharu, Perak	Vacant land	2.00	Proposed mixed development	Freehold	43,000	2011 *
PT10860 (PT 17284, Bal Pantai Hospital land) Mukim Lumut, Perak	Vacant land	1.30	Proposed mixed development	Freehold	1,140,000	2011 *

\* Year of Acquisition

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

Location	Description Property	Remaining Land Area @ 31.12.17 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.17 (RM)	Year of Acquisition/ Last Revaluation
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	38,595,000	2012 *
Lot 4958, Mukim Sayung, Kuala Kangsar	Vacant land	1.65	Residential development	Freehold	395,000	2012 *
Lot 4959,3332,3334,3337, Mukim Sayung, Kuala Kangsar	Vacant land	8.56	Residential development	Freehold	3,128,000	2012 *
Geran 7256 Lot 14837 Mukim Sitiawan, Perak	Vacant land	4.94	Residential development	Freehold	429,000	2012 *
Geran 7444, Lot 15680, Mukim Sitiawan (Balance of land), Perak	Vacant land	0.68	Residential development	Freehold	227,000	2012 *
PT 28260, Lot 16059, Mukim Sitiawan, Daerah Manjung, Perak	Vacant land	0.04	Residential development	Freehold	6,000	2012 *
Lot 966 EMR 1237 Mukim Sitiawan, Perak	Vacant land	0.89	Taman Mutiara - residential	Freehold	277,000	2012 *
Lot 4818 (Balance of commercial) (Plot 1, 22 dsth, and balance of land), Perak	Vacant land	0.91	Taman Samudera, residential	Leasehold (19.5.2091)	82,000	2001 *
Lot 9910 (PT 2818, PT 2819, PT 2803, PT 2804 & PT 2805) Balance Phase III, net off sports complex & bowling centre, Mukim Lumut, Daerah Manjung, Perak	Vacant land	2.76	Pusat Perniagaan Manjung Point Seksyen 3	Freehold	924,000	2001 *
HSD 15538, PT 5018, Bandar Teluk Intan, Perak	Vacant land	0.13	Commercial development - Bandar Baru Teluk Intan	Leasehold (24.09.2100)	388,000	2001 *
Lot 605, Mukim Kamunting, Daerah Larut & Matang, Perak	Vacant land	9.94	Vacant land	Freehold	2,984,000	2013 *

\* Year of Acquisition

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

Location	Description Property	Remaining Land Area @ 31.12.17 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.17 (RM)	Year of Acquisition/ Last Revaluation
Lot 549, Mukim Kamunting, Daerah Larut & Matang, Perak	Vacant land	48.00	Vacant land	Freehold	11,518,000	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	5,485,000	2014
Lot 730, Mukim Sitiawan, Daerah Manjung, Perak	Vacant land	5.47	Mixed development	Freehold	2,625,000	2014
Lot 14825 & Lot 14826, Mukim Sitiawan, Daerah Manjung, Perak	Vacant land	8.13	Mixed development	Freehold	9,400,000	2014
PT28552, Mukim Sitiawan, Perak	Vacant land	0.39	Mixed development	Leasehold (27.1.2103)	392,000	-
Lot 6505, Mukim Lumut, Daerah Manjung	Vacant land	4.06	Mixed development	Freehold	5,759,000	2015
Lot 6507, Mukim Lumut, Daerah Manjung	Vacant land	6.72	Mixed development	Freehold	21,491,000	2015
Lot 1451, Mukim Pengkalan Baharu, Daerah Manjung	Vacant land	2.58	Vacant land	Freehold	1,289,000	2016
Lot 474, Mukim Pengkalan Baharu, Daerah Manjung	Vacant land	2.46	Vacant land	Freehold	1,342,000	2016
Lot 18948, Mukim Sitiawan	Vacant land	-	Vacant land	Freehold	18,000	2016
Lot PT6676, 9445 and Lot 9240 to Lot 9248, Mukim of Lumut, Perak	Property, plant and equipment	1.44	Hotel operation	Freehold	28,511,000	2001
<b>DEVELOPMENT PROPERTIES</b>						
Lot 374, Mukim Pengkalan Baru, Perak	Development properties	0.19	Proposed development - commercial	Freehold	244,000	2004 *
Lot 4818 (PT4511-4571) Cosmos portion & 16 house, Mukim Lumut, Perak	Development properties	0.19	Proposed development - commercial (Taman Samudera)	Leasehold (19.5.2091)	590,000	2001

\* Year of Acquisition

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

Location	Description Property	Remaining Land Area @ 31.12.17 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.17 (RM)	Year of Acquisition/ Last Revaluation
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	1.18	Proposed development of commercial units	Leasehold (19.5.2091)	141,000	2001
Lot 4818 (behind office land - 12 units 2 1/1 house vacant plots)	Development properties		Proposed development of commercial units		686,000	2001
Lot 4818 (behind office land - LVSB car park & vacant land, PT10411), Perak	Development properties		Proposed development of commercial units (Taman Samudera)		706,000	2001
Lot 44, Mukim of Sitiawan Perak	Development properties	0.37	Commercial development - Medan Setiawan	Freehold	1,243,000	2005 *
EMR 523 Lot 600 Mukim Pengkalan Bharu, Perak	Development properties	0.15	Taman Bahtera – commercial and residential	Freehold	48,000	2001
Geran 7582 Lot 16047 Mukim Sitiawan, Perak	Development properties	0.10	Taman Sejati IV, Sitiawan – commercial and residential	Freehold	64,000	2001
CT 21662 Lot 11430 (New Lot 5942) Mukim Sitiawan, Perak	Development properties	0.11	Proposed mixed development – commercial and residential	Freehold	171,000	2001
Lot 26805 part of Geran 7255 Lot 14836 Mukim Sitiawan, Perak	Development properties	1.43	Taman Pelabuhan, Kg Acheh, Sitiawan – commercial and residential	Freehold	570,000	2001
Lot 10465, Mukim Sitiawan, Perak	Development properties	0.10	Commercial development	Freehold	196,000	2002
Lot 1883 & Lot 1884, Mukim Batu, Kuala Lumpur	Development properties	6.00	Commercial development Kiara 163	Freehold	307,472,000	2008 *

\* Year of Acquisition

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

Location	Description Property	Remaining Land Area @ 31.12.17 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.17 (RM)	Year of Acquisition/ Last Revaluation
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	655,000	2001
Lot 48732, PT74000, Daerah Petaling, Mukim Petaling, Kuala Lumpur	Vacant land approved for development	2.38	Proposed high rise condominium - Sfera Residensi	Freehold	74,295,000	2013
Lot 9910, Plot 35-Plot 96, PPMP 2, Mukim Lumut, Daerah Manjung, Perak	Development properties	2.19	Pusat Perniagaan Manjung Point Seksyen 2	Freehold	724,000	2001 *
Geran 7585 Lot 16050 Mukim Sitiawan, Perak	Planted with palm oil and approved for development	9.00	Taman Sejati III, Sitiawan, commercial and residential	Freehold	3,149,000	2001
Lot 1616, Mukim Pengkalan Baharu, Perak	Development properties	7.61	Mixed development - Taman Pancur Damai	Freehold	1,533,000	2004 *
Lot 1440, Mukim Pengkalan Baharu, Perak	Development properties	1.15	Mixed development	Freehold	1,758,000	2011 *
Lot 441, Mukim Pengkalan Baharu, Perak	Development properties	0.97	Mixed development	Freehold	832,000	2011 *
Lot 6278 (PT14173-PT14186), Mukim Lumut, Perak	Development properties	0.95	Proposed mixed development	Freehold	287,000	2011 *
Lot 42693, Mukim Sitiawan	Development properties	-	Residential development	Freehold	-	2012
Lot 42693, Mukim Sitiawan	Development properties	0.32	Commercial units	Freehold	106,000	2012
Lot 6505, Mukim Lumut, Daerah Manjung	Development properties	0.96	Commercial units	Freehold	2,111,000	2015
Lot 6507, Mukim Lumut, Daerah Manjung	Development properties	1.31	Commercial units	Freehold	4,023,000	2015
HS (D) Dgs 11772 PT 8073 Mukim Lumut, Perak	Development properties	6.93	Manjung Point Sekyen II	Freehold	4,144,000	2001 *
<b>INVESTMENT PROPERTIES</b>						
PT 6706-6724, Daerah Manjung (Fasa 2B), Perak	Investment property	0.70	Shophouses	Leasehold land (expired 29.8.2081)	2,527,000	2001 *

\* Year of Acquisition



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

Location	Description Property	Remaining Land Area @ 31.12.17 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.17 (RM)	Year of Acquisition/ Last Revaluation
Lot 1077, Geran 11310, Section 57, Kuala Lumpur	Investment property - Proposed Menara YNH	3.00	Vacant Land	Freehold	105,617,000	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	2,720,000	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	2,789,000	2001
Lot 10466 Stall & Futsal, Medan Sejahtera II, Mukim Sitiawan, Perak	Investment property - Food Stall & Futsal	1.03	Futsal and Foodcourt	Freehold	1,631,000	2001 *
Hawker center, Taman Samudera, Seri Manjung, Perak	Investment property - Hawker center	N/A	Hawker center building	N/A	467,000	2009 *
Lot 382868 (old PT212710), Mukim Hulu Kinta, Daerah Kinta, Perak	Investment property - Hotel	1.40	Vacant land	Leasehold (24.7.2105)	7,779,000	2008
PT357017, Mukim Hulu Kinta, Kinta, Perak	Investment property - Hotel	1.00	Vacant land	Leasehold (4.6.2103)	3,342,000	2008
PT 15074, Mukim Lumut, Daerah Manjung	Investment property - AEON Shopping Mall	30.25	AEON Shopping Complex	Freehold	141,969,000	2015
Lot 163, Jln Perak, Kuala Lumpur (Level 3, 4, 9, 12, 13)	Investment property Hotel	0.90	Fraser Place Kuala Lumpur	Freehold	43,629,000	2015
Lot 15010 (Part Lot 2793, part 2794, Mukim Lumut, Daerah Manjung	Investment property - City Harbour International School	15.00	International School	Freehold	17,980,000	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	(79,000)	2001

**JOINT DEVELOPMENT PROPERTIES**

Lot 4753, Mukim Batu, Daerah Kuala Lumpur	Joint development properties	5.14	Proposed high rise condominium	Freehold	8,100,000	N/A
Lot 449, Mukim Batu, Tempat Segambut, Daerah Kuala Lumpur	Joint development properties	5.07	Proposed high rise condominium	Freehold	378,000	N/A

\* Year of Acquisition

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

Location	Description Property	Remaining Land Area @ 31.12.17 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.17 (RM)	Year of Acquisition/ Last Revaluation
Lot 400, Mukim Lumut, Daerah Manjung, Perak	Joint development properties	36.97	Proposed mixed development	Leasehold (15.11.2105)	4,135,000	N/A
Lot 10153, Mukim Lumut, Daerah Manjung	Joint development properties	34.67	Proposed mixed development	Leasehold (22.11.2103)	278,000	N/A
Lot 13079, Mukim Lumut, Perak	Joint development properties	0.32	Mixed development	Freehold	827,000	N/A
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 2497-2499, Mukim Kuala Lumpur, Daerah Kuala Lumpur	Vacant land approved for development	-	Proposed mixed development	Freehold	-	N/A
PT12157 & PT12158 (Lot 47330 & Lot 47331), Mukim Dengkil, Daerah Sepang	Vacant land approved for development	2.70	Proposed mixed development	Freehold	427,000	N/A
Lot 299, Mukim Kuala Lumpur, Daerah Kuala Lumpur	Vacant land approved for development	-	Proposed mixed development	Freehold	240,000	N/A
Lot 5274	Joint development properties	-	-	-	16,000	-
Lot 224018, Mukim Hulu Kinta, Ipoh, Perak	Joint development properties	0.14	Commercial development	Freehold	8,000	N/A
Lot 224019, Mukim Hulu Kinta, Ipoh, Perak	Joint development properties	0.17	Commercial development	Leasehold	19,000	N/A
<b>GRAND TOTAL</b>		<b>1,329.12</b>			<b>1,231,508,000</b>	

**STATEMENT OF SHAREHOLDINGS** as at 30 March 2018

Issued and Fully Paid-up Capital	:	RM525,337,988 (Excluding 3,661,591 Treasury Shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per Ordinary share

**BREAKDOWN OF SHAREHOLDINGS**

Size of Holdings	No. of Holders	%	No. of Holdings	%
Less than 100	4,262	51.25	169,478	0.03
100 – 1,000	2,156	25.93	535,556	0.10
1,001 – 10,000	1,157	13.91	4,200,982	0.80
10,001 – 100,000	438	5.27	12,888,537	2.46
100,001 – 26,266,898 (*)	303	3.64	507,543,435	96.61
26,266,899 and above (**)	0	0.00	0	0.00
<b>TOTAL</b>	<b>8,316</b>	<b>100.00</b>	<b>525,337,988</b>	<b>100.00</b>

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

**SUBSTANTIAL SHAREHOLDERS AS AT 30 March 2018**

According to the Register of Substantial Shareholders required to be kept under Section 144 of the Companies Act, 2016, the following are the substantial shareholders of the Company:

Name of Substantial Shareholder	Direct Interest (A)	%	Indirect Interest (B)	%	Total Interest (A+B)	%
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	135,251,131	25.75	29,315,117	5.58	164,566,248	31.33
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	21,560,450	4.10	137,264,622	26.13	158,825,072	30.23
Standard Life Aberdeen PLC and its subsidiaries	-	-	60,939,949	11.60	60,939,949	11.60
Aberdeen Asset Management Asia Limited	-	-	41,950,815	7.99	41,950,815	7.99
Aberdeen Standard Investments (Hong Kong) Limited	-	-	27,302,615	5.20	27,302,615	5.20
Aberdeen Asset Management PLC	-	-	60,939,949	11.60	60,939,949	11.60

**STATEMENT OF SHAREHOLDINGS** as at 30 March 2018

(cont'd)

**DIRECTORS' INTEREST AS AT 30 March 2018**

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016 the Directors' interests in the ordinary share capital of the Company and its subsidiary companies are as follows:

**Shares in the Company**

Name of Director	Direct Interest (A)		Deemed Interest (B)		Total Interest (A+B)	
		%		%		%
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	135,251,131	25.75	29,315,117	5.58	164,566,248	31.33
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	21,560,450	4.10	137,264,622	26.13	158,825,072	30.23
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	1,250,620	0.24	-	-	1,250,620	0.24
Ching Nye Mi @ Chieng Ngie Chay	8,173,244	1.56	28	0.00	8,173,272	1.56
Ding Ming Hea	2,099,005	0.40	-	-	2,099,005	0.40

By virtue of their interests in the Company, Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS and Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT are deemed to be interested in shares in the subsidiary companies to the extent that the Company has an interest.

None of the other Directors had any interest in shares in the Company's related corporations.

**LIST OF TOP THIRTY HOLDERS AS AT 30 March 2018**

Name of Holder	Holdings	%
1. HSBC Nominees (Asing) Sdn Bhd BPSS Lux for Aberdeen Global - Asian Smaller Companies Fund	25,296,974	4.82
2. Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for OCBC Securities Private Limited	24,132,081	4.59
3. AMSEC Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad (Hedging)	18,660,300	3.55
4. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon (CEB)	18,086,303	3.44
5. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	16,040,226	3.05
6. Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	14,230,404	2.71
7. Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Ng Paik Pheng (PB)	14,053,245	2.68
8. HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs SVS Paris for Aberdeen Asian Smaller Companies Investment Trust PLC	13,419,924	2.55
9. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Weng Fui	13,188,520	2.51
10. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Swee Ming	11,823,916	2.25
11. TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	10,644,542	2.03

**STATEMENT OF SHAREHOLDINGS** as at 30 March 2018

(cont'd)

**LIST OF TOP THIRTY HOLDERS AS AT 30 March 2018** (cont'd)

Name of Holder	Holdings	%
12. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	10,434,634	1.99
13. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Huat	9,231,750	1.76
14. Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Yu Kuan Chon (PBCL - OGO311)	8,800,000	1.68
15. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	7,573,812	1.44
16. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	7,000,000	1.33
17. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Leong Wouh	6,928,766	1.32
18. PM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon (A)	6,778,568	1.29
19. Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	6,575,925	1.25
20. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Irama Gigih Sdn Bhd	6,386,788	1.22
21. Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Huat (Margin)	6,347,713	1.21
22. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Weng Fui (CEB)	6,106,326	1.16
23. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Huat	5,839,060	1.11
24. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Fung Neng	5,775,870	1.10
25. Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	5,615,692	1.07
26. UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	5,362,795	1.02
27. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Chan Weng Fui (Smart)	4,489,000	0.85
28. Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Yu Kuan Chon (PB)	4,415,000	0.84
29. HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	4,352,242	0.83
30. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Swee Ming (CEB)	4,141,312	0.79
<b>TOTAL</b>	<b>301,731,688</b>	<b>57.44</b>

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**PROXY FORM**

I/We, \_\_\_\_\_  
 NRIC No./Company No. \_\_\_\_\_ of \_\_\_\_\_  
 \_\_\_\_\_ being a member of

YNH Property Bhd hereby appoint the following person(s):

Name of proxy & NRIC No.	No. of shares	%
1. _____	_____	_____
2. _____	_____	_____

or failing him/her

1. _____	_____	_____
2. _____	_____	_____

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held on 29 June 2018 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Business		For	Against
1. The declaration of Final Dividends	Resolution 1		
2. The payment of Directors' Fees	Resolution 2		
3. The payment of Directors' Benefits	Resolution 3		
4. The re-election of Directors: Dato' Dr Yu Kuan Chon, DIMP, PPT, MBBS Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	Resolution 4 Resolution 5 Resolution 6		
5. The re-appointment of Auditors and their remuneration	Resolution 7		
Special Business			
6. Retention of Independent Non-Executive Directors: Dato' Robert Lim @ Lim Git Hooi, DPMP, JP Ching Nye Mi @ Chieng Ngie Chay Ding Ming Hea	Resolution 8 Resolution 9 Resolution 10		
7. Proposed Renewal of Share Buy Back Authority	Resolution 11		
8. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature	Resolution 12		

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

No. of shares held	
CDS Account No.	

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

**NOTE:**

- a) A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend, speak and vote instead of him.
- b) A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
- c) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- d) Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- e) The instrument appointing a proxy must be deposited at the registered office of the Company, 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting. All resolutions set out in the Notice of the Meeting are to be voted by poll.
- f) Depositors who appear in the Record of Depositors as at 18 June 2018 shall be regarded as Member of the Company entitled to attend the Sixteenth Annual General Meeting or appoint one or two proxies to attend, speak and vote on his behalf.

+If it is desired to appoint another person as a proxy, the words "the Chairman of the Meeting" should be deleted and the name of the proxy should be inserted in block capitals, and the alteration should be initialed.

In the case of a corporation, the proxy must be executed under its Common Seal, or under the hand of a duly authorised officer.





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80 Sen Stamp  
(within Malaysia)

The Secretary  
**YNH PROPERTY BHD** (561986-V)  
55A, MEDAN IPOH 1A  
MEDAN IPOH BISTARI  
31400 IPOH, PERAK DARUL RIDZUAN  
MALAYSIA

fold



**YNH PROPERTY BHD**

(Company No.: 561986-V)

*(Incorporated in Malaysia)*

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