ASIAN PAC

ASIAN PAC HOLDINGS BERHAD

(COMPANY NO. 129-T)

2019 ANNUAL REPORT


Building on a foundation of strength

www.asianpac.com.my

ASIAN PAC ANNUAL REPORT


Overview

Governance

Financial Statements

Other Informations

Proxy Form

Imago Mall won
Gold award consecutively for two
years for Best Experiential Marketing by PPK
Malaysia for Category B (500,001 to 999,999 sq. ft.)

Received Certificate of Excellence by Trip Advisor

Imago Mall is a wholly-owned, non-strata, fully-leased
retail shopping mall

Net retail space of approximately 800,000 sq. ft.

More than 300 retail, catering, lifestyle
and entertainment outlets

More than 67,000 sq. ft. retail space dedicated for
pure lifestyle, amusement and entertainment

More than 36,000 sq. ft. all-day alfresco dining
and catering zone

More than 2,500 parking spaces
for the shoppers

MALL HIGHLIGHTS

WONDROUS SERENITY
HARVEST FESTIVAL AND RAYA CELEBRATION 2018
25 MAY 2018 – 24 JUNE 2018

Imago Mall brought in another exceptional wondrous experience for the 2018 Harvest Festival and Hari Raya celebration with the beautifully crafted Minangkabau setting which blend with the local cultural elements and the harmonious traditional Raya celebration.


THE LIGHTHOUSE
HALLOWEEN 2018
19 OCTOBER 2018 – 4 NOVEMBER 2018

The 2018 Halloween event is another uniquely conceptualised Haunted House decoration with activity for the shoppers to participate at The Oval. Every year, The Halloween event in Imago Mall was a major attraction and encouraged huge footfall into the mall from both the locals and the tourists alike.


MALL HIGHLIGHTS

BEDAZZLED
CHRISTMAS 2018
30 NOVEMBER 2018 – 1 JANUARY 2019

Christmas Bedazzled @ Imago Mall was decorated with gold colour, a theme associated with love, compassion, courage, passion and wisdom with 5 different objects – The Swan, The Carriage, The Ballerina, The Swing and The Snow Globe. A rotating Christmas Tree was decorated at the Centre of The Oval. Christmas Bedazzled was listed as the tallest rotating Christmas Tree in the Malaysia Book of Record.

CELESTIAL FORTUNE
CHINESE NEW YEAR 2019
18 JANUARY 2019 – 17 FEBRUARY 2019

Imago Mall decorated the 2019 Chinese New Year with the theme “Celestial Fortune” with lanterns, flowers and fountain which symbolises the Five Blessings: Longevity, Prosperity, Tranquillity, Morality and Eternity. In addition, LED Lion Dance performances were carried out at various intervals in the Mall for the Chinese New Year celebration.

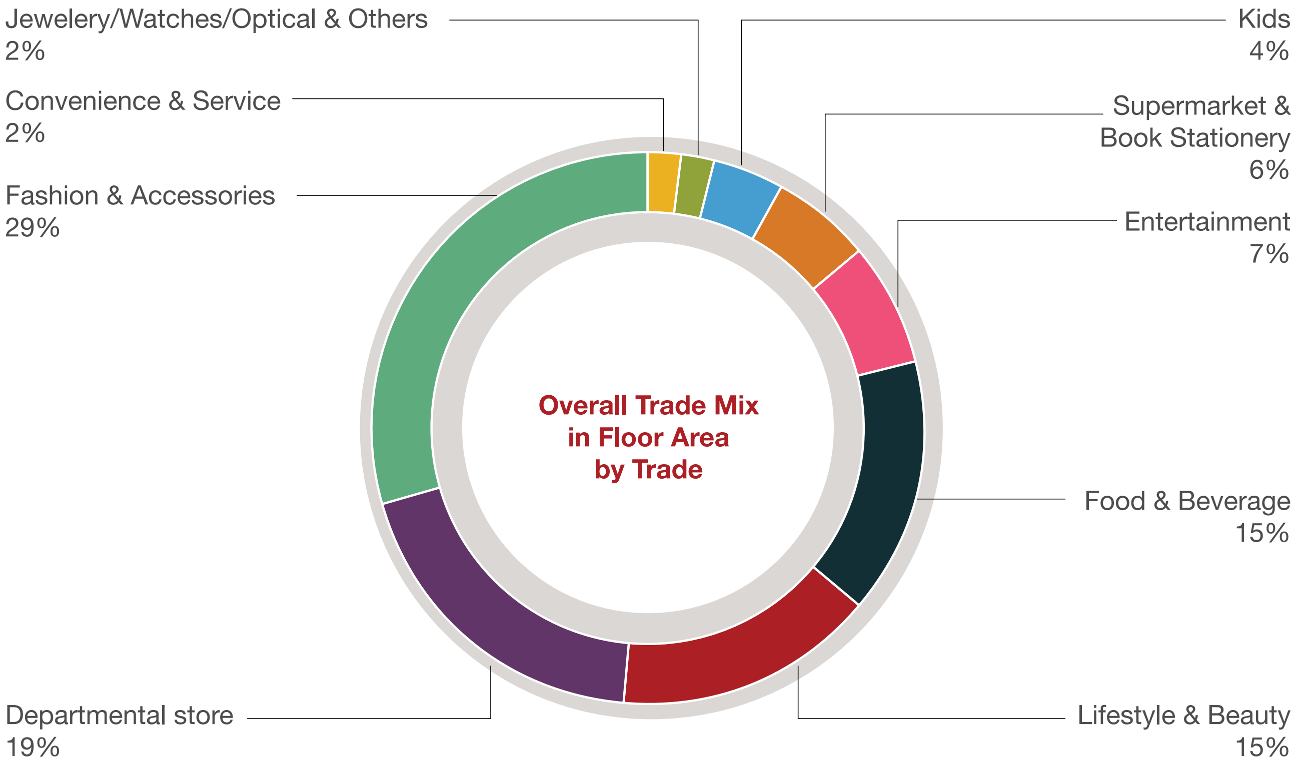
MALL HIGHLIGHTS

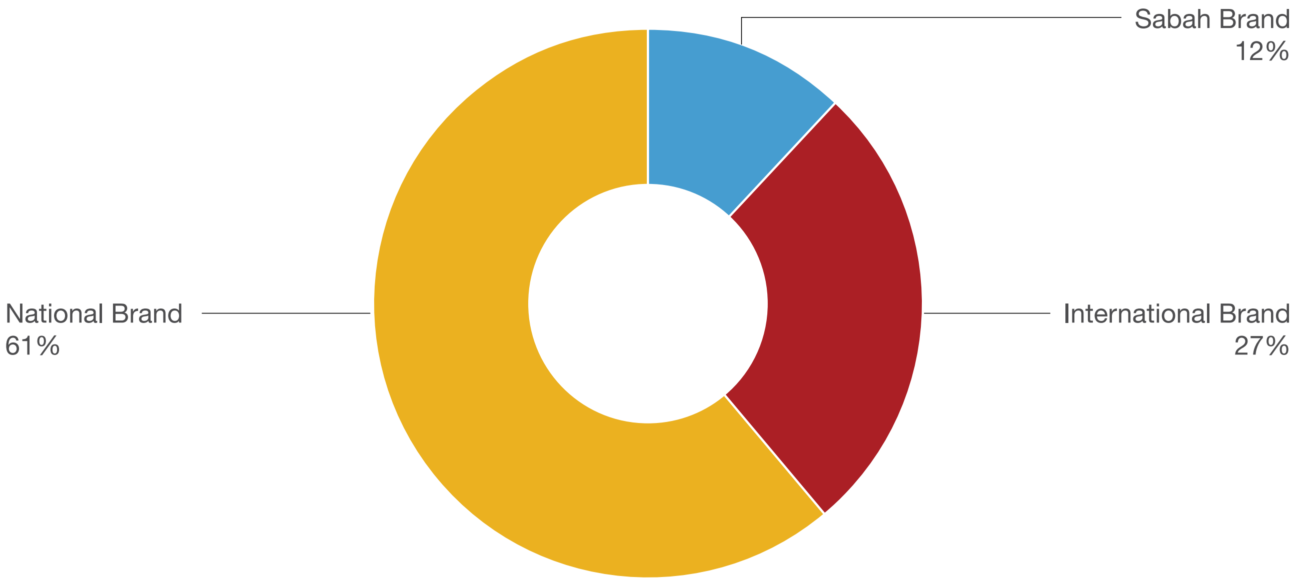
TRANSCENDENCE

4TH YEAR ANNIVERSARY 2019
28 MARCH 2019 – 31 MARCH 2019

Imago Mall celebrated its 4th year anniversary with the theme "Transcendence" and it has the meaning of challenging everyone to transcend and go beyond in life. Throughout the celebration, challenging and interactive games such as wall climbing and Light Saber were held for shoppers' participation and entertainment.

MALL HIGHLIGHTS





Overall Trade Mix in Floor Area by Nationality

CAR PARK HIGHLIGHTS

2018/2019 has been a challenging year for the car park's operations team especially at the Imago Mall whereby many upgrading and rectification works such as replacing all fluorescent lights with LED, repainting the car park floors and the surrounding signages were carried out.

We have also embarked on an exercise to implement an internationally-recognised management standards for the car park operations and are targeting to get both the certification for ISO 9001 and ISO 14001 by end of 2019.

PROJECT HIGHLIGHTS
(ON-GOING)

FORTUNE CENTRA
KEPONG, KUALA LUMPUR

A low density mixed development of 38 units commercial suites and 462 units of serviced residence on a 3-acre leasehold land located in Kepong town centre. The location has excellent connectivity with major highways and 2 upcoming MRT stations. This is the eighth project of the Group's Fortune Series under Kepong Entrepreneurs' Park masterplan.

Fortune Centra was officially launched in May 2017 and has achieved excellent sales of 96% for its residential units. The construction works has reached up to level 26 and we expect the project to be completed by end of 2020.

PROJECT HIGHLIGHTS
(UPCOMING)

This is another prestigious project to be developed by Asian Pac Group. It is located at Damansara Damai, a well-established neighbourhood blossomed with a variety of residential and commercial properties. Damansara Damai is connected to other established townships such as Bandar Sri Damansara, Taman Perindustrian KIP, Desa ParkCity, Sungai Buloh and Kota Damansara. This gives residents of Damansara Damai easy access to a plethora of amenities within the vicinity of their neighbourhoods. It also sits within a lush environment, thanks to its location adjacent to a forest reserve and two urban parks with jungle trails.

This up-coming mixed-development project sits on 6.5 acres of leasehold land. It consists of 2 blocks (Block A and Block B) of 780 condominium units and 18 units of shop lots, located on the adjoining ground floor. Both Block A and Block B are 25-storey with 422 and 358 condo units respectively.

Much consideration has been given to make this project an environmentally friendly endeavour for the benefits of the residents and as part of our unrelenting commitment to protect the environment.

The project is expected to be launched by 1st quarter 2020.

PROJECT HIGHLIGHTS
(UPCOMING)

LIKASVUE
KOTA KINABALU, SABAH

A commercial redevelopment as a result of joint venture agreement between Asian Pac Group and the landowner to turn this prime 1.85 acres land into an exciting mix-development that comprises of retail, offices, supermarket and 650 units of serviced suites.

It is strategically located in the center of Likas and looking over the stunning Likas Bay sea view. The serviced suites are designed to suit both urban dwellers and savvy investors. The Group expects to launch this project in 1Q 2020.

PROJECT HIGHLIGHTS
(UPCOMING)

This project will be carried out on a 1.9 acres of development land located in the bustling township of Kota Damansara. Situated strategically at Damansara North, Kota Damansara enjoys the convenience of direct connection with major highways and amenities, making it the choice locality for the home seekers and business entrepreneurs. The up-coming development will offer a series of exquisitely designed apartment homes which offer a whole new comfort of home living experience to its future residents.

Currently, the development still under its preliminary design and planning stage. The launching is anticipated by 3rd quarter 2020.

SPONSORSHIP & PROMOTIONAL ACTIVITIES

Blood Donation I Kuan Tao

Martial League Run 2.0
Registration Counter

Humanity Heroes Run
Registration Counter

International Folk Dance Festival

China Film Festival 2018

MBO Blood Donation 5.0

The Great Voice Charity Concert
with Team Gary Chaw

HQE Blood Donation

Program Kesedaran Cancer
Kanak-Kanak

SPONSORSHIP & PROMOTIONAL ACTIVITIES

Go Bald Sabah 2018

SouledOut Blood Donation

Grazioso International Singing Competition

WWF Awareness Campaign

Unicef Malaysia Fund Raising

Seri Mengasih Heroes Run 4.0 Registration Counter

The Borneo Beat Down Dance Competition 2018

Kempen Kesedaran Keselamatan Kebakaran

We are Borneons Run Registration Counter

SPONSORSHIP & PROMOTIONAL ACTIVITIES

PH Property Roadshow

Renacana Property Roadshow

World Heart Day

Subaru Car Roadshow

Zero Degree Promotion

HR-V RS On-Ground Activation

Ogawa Roadshow

Samsung Note 9 Roadshow

Digi Roadshow

AWARDS & RECOGNITION

Sabah Tourism Awards 2017 for Best Shopping Complex

The Malaysia Book of Records for the Tallest Rotating Christmas Tree

Gold award for Best Experiential Marketing by PPK Malaysia for Category B for 2017 & 2018

Asia Pacific Property Awards 2016/2017 - Best Retail Development Malaysia

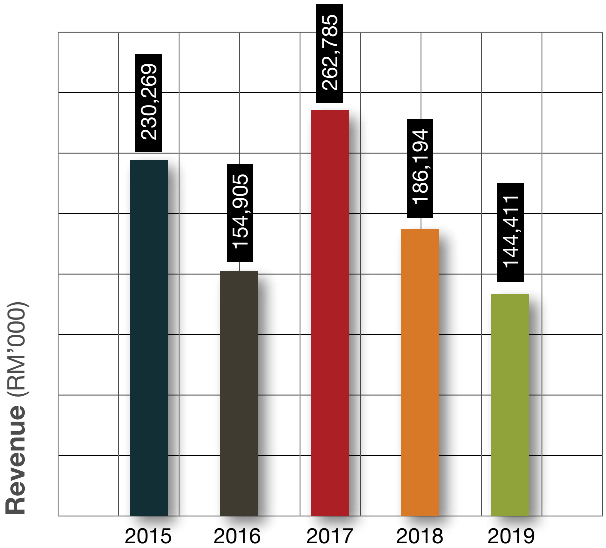
Asia Pacific Property Awards 2016/2017 - Best Retail Architecture Malaysia

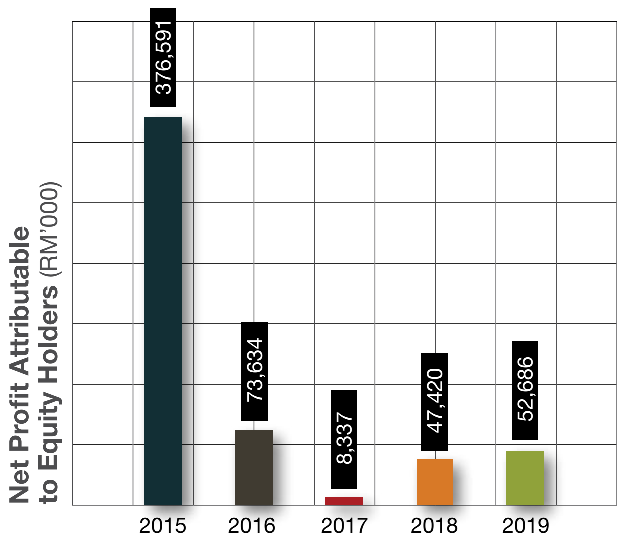
Asia Pacific Property Awards 2016/2017 – Highly Commended Leisure Interior Malaysia

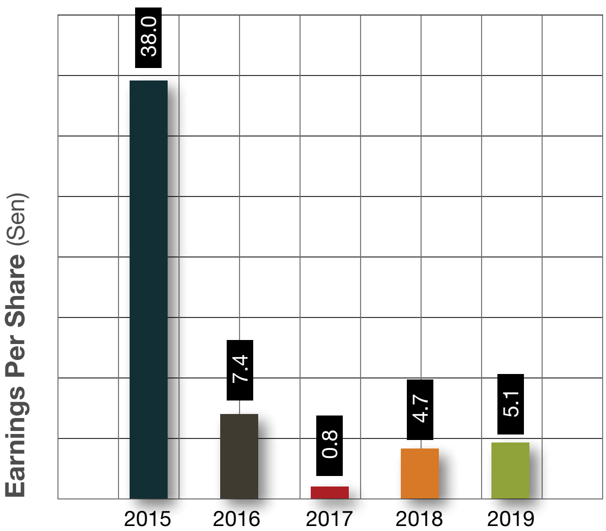
Asia Pacific Property Awards 2016/2017 – Highly Commended Leisure Development Malaysia

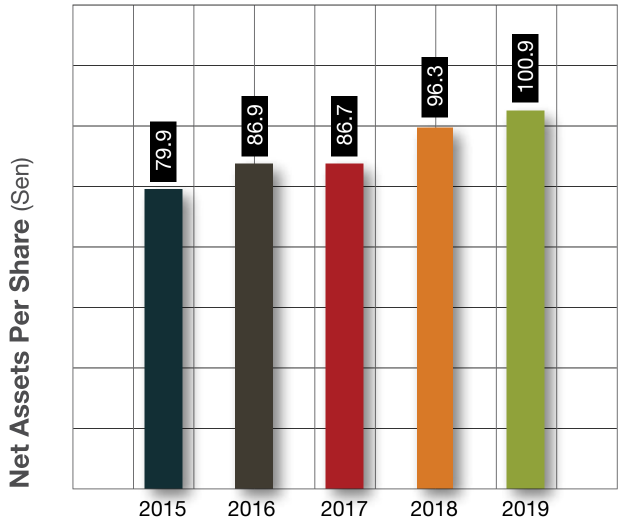
5 YEAR GROUP FINANCIAL HIGHLIGHTS

Financial Years Ended 31 March	2015	2016	2017	2018	2019
Revenue (RM'000)	230,269	154,905	262,785	186,194	144,411
Net Profit Attributable to Equity Holders (RM'000)	376,591	73,634	8,337	47,420	52,686
Earning Per Share (Sen)	38.0	7.4	0.8	4.7	5.1
Net Assets Per Share (Sen)	79.9	86.9	86.7	96.3	100.9



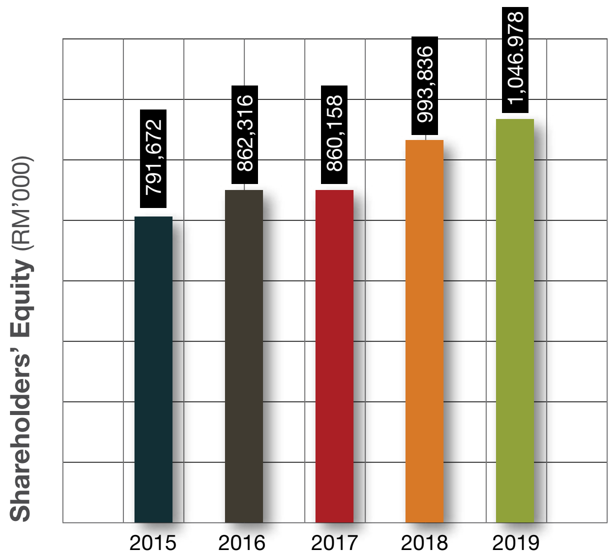


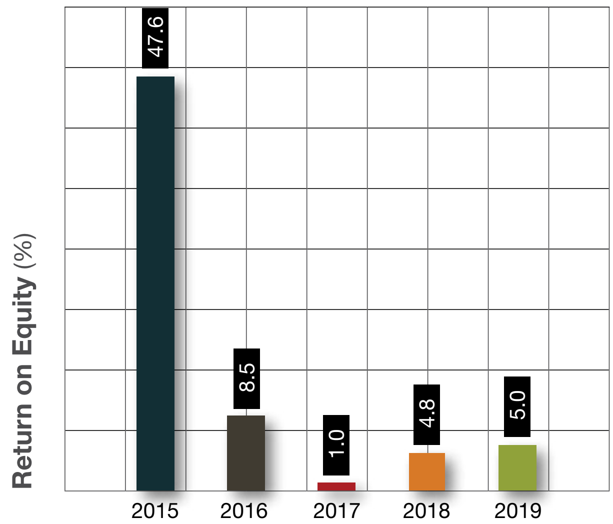


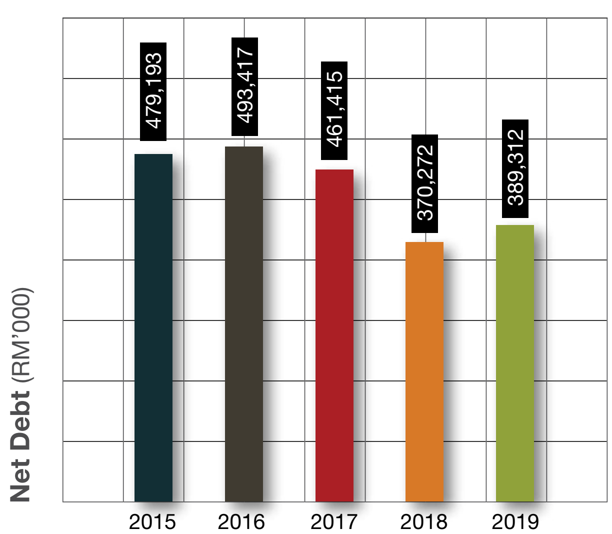


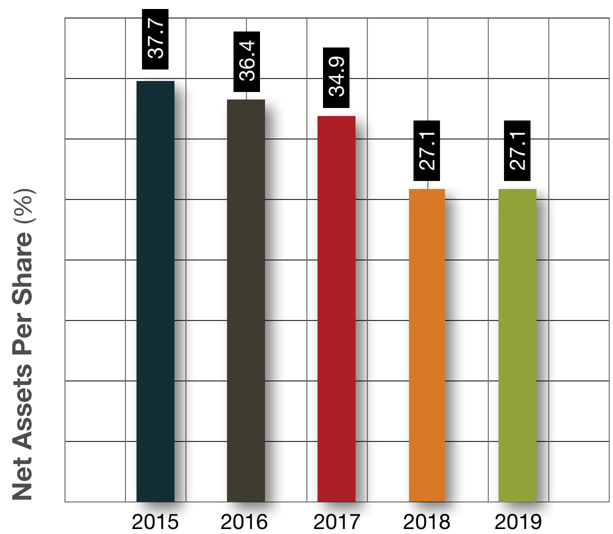
5 YEAR GROUP FINANCIAL HIGHLIGHTS
(CONT'D)

Financial Years Ended 31 March	2015	2016	2017	2018	2019
Shareholders' Equity (RM'000)	791,672	862,316	860,158	993,836	1,046,978
Return on Equity (%)	47.6	8.5	1.0	4.8	5.0
Net Debt (RM'000) (Note 35, Page 172)	479,193	493,417	461,415	370,272	389,312
Gearing Ratio (%) (Note 35, Page 172)	37.7	36.4	34.9	27.1	27.1









MANAGEMENT DISCUSSION AND ANALYSIS

Asian Pac Holdings Berhad ("Asian Pac" or the "Group") was incorporated in 1913 and listed on the Main Board of Bursa Malaysia Securities Berhad in 1961.

We are in the business of property development and property investment. Property development segment is our key revenue driver whilst property investment segment provides us a consistent and stable business income growth. Our property development segment, which focus on niche market comprises mixed development of commercial shops and high-rise residential projects in Kuala Lumpur. Our property investment portfolios include a shopping mall located in Kota Kinabalu, Sabah, which is one of the components of our flagship KK Times Square II project. We also provide car park management services on multiple car parks that we own and on 2 other sites in the Klang Valley. Presently, we manage approximately 7,600 parking bays located in Kota Kinabalu, Sabah and Klang Valley.

FINANCIAL PERFORMANCE

For the financial year under review, the Group achieved a lower revenue of RM144.4 million, a decrease of RM41.8 million or 22.4% as compared to RM186.2 million in the preceding year. This was mainly due to lower revenue contributed from property development segment as there was no new development project launched during the financial year. We withheld some projects which were due to be launched and revised some of the approved plans to accommodate the market needs. The Group posted a profit before tax of RM74.9 million, improved by RM6.0 million compared to the same period in 2018 contributed mainly by fair value gain on investment properties of RM46.1 million. Nonetheless, all two business segments contributed positively to the Group's profit for the year under review.

As at 31 March 2019, total assets increased by RM96.0 million to RM1,745.1 million from previous year of RM1,649.1 million. The increase was mainly due to fair value gain on investment properties of RM46.1 million, largely attributed to Imago Mall's valuation and some contribution from the carparks, increase in property development costs of RM56.6 million as the Fortune Centra project progressed and a new joint venture project at Kota Kinabalu, Sabah. During the year, the Group has increased the deposits by RM20.7 million for the purchase of land banks, namely five parcels of leasehold lands with approximately 74 acres in Mukim Petaling, Selangor ("Lands") and 3 parcels of leasehold lands in Sungai Buloh, Selangor measuring approximately 1.9 acres.

Total liabilities increased by RM40.0 million to RM695.3 million mainly due to increase in deferred tax liabilities by RM20.6 million as a result of higher fair valuation on investment properties, increase in the Real Property Gain Tax rate from 5% to 10% for properties held more than five years and increase in deferred liabilities as a result of acquisition of a subsidiary.

Total equity increased by RM56.0 million to RM1,049.8 million mainly due to increase in revaluation surplus of RM0.9 million, increase of non-controlling interest by RM2.8 million from acquisition of a subsidiary and increase in retained earnings by RM52.7 million.

The cash flow generated from operating activities increased mainly due to higher contribution from mall operations as a result of higher rental income from new tenants as well as revision in rental rates, growth of carpark operations income and lower taxes paid as a result of set off of business income against capital allowances. The increase of cash inflow from investing activities was mainly attributed to withdrawal of short term investments amounting to RM23.4 million to form part of the RM20.7 million deposit for the acquisition of land banks mentioned above. Included in investing activities was a net proceed of RM4.9 million received from the compulsory acquisition of a partial of land by the government for the purpose of the second line of Mass Rapid Transit project ("MRT2") construction. The increase in cash outflow from financing activities was primarily due to ICULS proceeds received in previous financial year. As a result of the above, cash and cash equivalents marginally increased by RM2.9 million to RM56.6 million as at 31 March 2019.

During the year, the Group has utilised RM40.7 million out of the RM62.5 million of the ICULS proceeds arising from the rights issue of ICULS carried out in May 2017 allocated for the purchase of land banks. And subsequent to the financial year end, the Group has fully utilised the remaining RM21.8 million towards the partial payment of Lands

The gearing of the Group maintained at 27.1% as at 31 March 2019.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

FINANCIAL PERFORMANCE (CONT'D)

Assets and liabilities	2019 (RM'000)	2018 (RM'000)	Changes (RM'000)
Assets			
Non-current assets	1,387,211	1,348,939	38,272
Current assets	357,889	300,149	57,740
Total assets	**1,745,100**	**1,649,088**	**96,012**
Liabilities			
Non-current liabilities	500,905	487,494	(13,411)
Current liabilities	194,382	167,758	(26,624)
Total liabilities	**695,287**	**655,252**	**(40,035)**
Equity			
Share capital	210,977	209,943	(1,034)
Reserves	2,380	2,071	(309)
ICULS	76,847	77,726	879
Retained profits	756,774	704,096	(52,678)
Equity attributable to equity holders of the parent	1,046,978	993,836	(53,142)
Non-controlling interest	2,835	-	(2,835)
Total equity	1,049,813	993,836	(55,977)
Total equity and liabilities	**1,745,100**	**1,649,088**	**(96,012)**

Cash flow	2019 (RM'000)	2018 (RM'000)	Changes (RM'000)
Cash flow generated from operating activities	7,240	4,568	58%
Cash flow from/(used in) investing activities	22,426	(33,873)	>100%
Cash flow from/(used in) financing activities	(26,787)	22,965	>(100%)
Cash and cash equivalent	56,653	53,774	5%

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

PROPERTY DEVELOPMENT

Business and Strategies

We are a niche developer focusing on development in prime locations such as Klang Valley, Kota Kinabalu and Johor Bahru. We replenish our land banks continuously for sustainable business growth in property development. We are selective in our land banking activities where we prefer to source and identify suitable lands which are ready to be developed in the short term. We are also working on joint venture business model with landowners not only for a lower initial investment cost, but also to reduce operating expenses in term of finance cost. Thus, it provides us with a higher investment return on value to our stakeholders. We are also streamlining our internal processes and aim to be able to certify ISO 9001 - Quality Management System. We deliver quality products to our purchasers where we embrace workmanship quality assessment system and stress innovative product design by combining the elements of simple and yet functional. We are selective on the materials use in our development in order to protect the environment.

Review of Operations

Property development segment continues to be the key driver of revenue growth in 2019 despite it recording a lower revenue of RM67.8 million, as compared to RM123.7 million in the preceding year. Due to the lower revenue, segment result has recorded a segmental loss of RM2.2 million as compared to RM16.6 million profit year-on-year. We withheld all projects targeted to be launched in 2018 as our strategy was not to build up high inventories in the current soft property market and steered clear from the uncertainties of any policies changes by the new government. We continued with the on-going project for the year and monitor closely on the progress of the construction work. We believe that with an unbilled sale of RM147.4 million, the contribution for the property development segment for the coming financial year would be significant, although slightly affected by the change in the main contractor due to reason set out below.

At the end of first quarter 2019, we have experienced adversity in Fortune Centra project where we terminated the main contractor on mutual ground despite rendering financial and other assistance in an attempt to rescue the main contractor from its debts burden. Regrettably the main contractor was wound up by its creditors eventually. We then proceeded to appoint a new main contractor. The incident had slowed us down from our initial target date for handover of vacant possession by approximately 3 months though it is still within the stipulated contract period thus liquidated and ascertained damages ("LAD") is not foreseen. In terms of financial impact, we are still assessing the quantum of the extra cost to be incurred in which we are anticipating it to be within 2%. With the setback of time loss, we have doubled the monitoring of the progress work at site to ensure work progress is back on track and contain loss of time to project delivery and at the same time, we have to be mindful of quality finished products as our brand promises to our purchasers.

For our balance inventories, we have worked relentlessly to convert into sales through deploying more aggressive sales strategies. These strategies had yielded a moderate result by lowering our stock by 14.5%. We have also recalibrated some of the approved plans to introduce new elements to incorporate them into current market needs. We are more selective of the final products taking note of where the market is trending towards ie mainly affordable homes under current market sentiment and stringent end-financing faced by home buyers.

During the year, we signed the sales and purchase agreement to acquire 74 acres of land in Klang Valley for sustainable development. The completion of the sale and purchase agreement is now pending one more condition precedent, namely the State consent for the transfer. We have proceeded with the selection of architects to draw out the master development plan and the development would start once the sale and purchase agreement became unconditional. We estimate it will take approximately eight to ten years to launch all the planned phases of this Lands.

During the financial year, we have also acquired development rights to redevelop a piece of 1.9 acres land in Kota Kinabalu, Sabah slated for a mixed development which is expected to comprise retail units, supermarket, offices and high rise service suite units. The plan approval from authorities are progressing well and the project is scheduled to launch by the second quarter of 2020. Since there is an existing building on site, demolition work is expected to commence by end of 2019.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

Review of Operations (cont'd)

Currently, we are preparing for sales launch, targeted in the first half of 2020 where we expect the property market to turn favourable, premised on the demand spurred from the exemptions and initiatives introduced in the Budget 2019 targeting the affordable residential segment. Such initiatives, amongst others are stamp duty waivers on instrument of transfer and loan agreement for residential home; the setup of RM1 billion fund by MOH to assist homebuyers to enjoy a low interest rate of 3.5% on affordable residential home; and the introduction of alternate home financing plan like property crowdfunding and rent-to-own scheme by few of the financial institutions.

A. Fortune Centra

A mixed development of 38 units commercial suites and 462 units of serviced residence on a 3 acre leasehold land located in Kepong Entrepreneurs' Park. This is the eighth project of the Fortune series under Kepong Entrepreneurs' Park masterplan.

Fortune Centra was officially launched in May 2017 and sale of the residential units are up to 96%. Construction work has progressed to 45% as at 31 March 2019 and it is expected to be completed by end of 2020.

B. The Zil @ KK South

A new 3 phase mixed development project undertaken on a 16.6 acres leasehold land located in the growth suburb of Kinarut, Kota Kinabalu, Sabah. Phase 1 is a retail commercial hub consisting 40 units of 3-storey retail shops. Phase 2 is a landed terrace house consisting 123 units of terrace houses and Phase 3 is currently planned for a high-rise residential development.

The sales launch for both Phase 1 and 2 are further deferred after due consideration because of the soft property market. Furthermore, the stringent financing requirements also continue to pose a challenge and the risk of poor sales will result in holding of stock units. Nevertheless, the Group continues to monitor closely on the property market environment.

C. Riaz Damansara - Damai

A high-rise mixed development expected to consist of 18 units of shop lots and 780 condominium units on a 6.5 acre leasehold land in Damansara Damai, Selangor.

D. LikasVue

A mixed development on a 1.85 acre of land located in the heart of Kota Kinabalu, Sabah. It consists of 7 units retails, supermarket, offices and 650 units service suites.

E. Kota Damansara

A residential development on a 1.9 acres of development land located in the bustling township of Kota Damansara.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

PROPERTY DEVELOPMENT (CONT'D)

Anticipated Risks

Property market in general is subject to the general economic and political conditions, suitable land banks for development and fluctuation of interest rates, which will have a material effect on our operations, performance, financial results. To mitigate, we will constantly monitor the development and changes in the conditions of the property markets and plan our property launches cautiously. We maintain competitiveness through reasonably priced product to meet market expectation and efficient after-sales services to our purchasers. We have approximately RM200 million unused financing facility to continue our land banking activities. We will continue to be vigilant and exercise prudent cost saving initiative to mitigate or avoid any cost overrun.

Outlook

Malaysia economy expanded at a 4.7% in 2018 and forecasted to be resilient in 2019 with a moderate growth of 4.3% - 4.8% driven by domestic demand from private sector activity. Public sector consumption is moderate as most of the large-scale infrastructure projects are being rationalised and reprioritised under the current new government to reduce non-critical spending. Globally, growth is projected to moderate.

Overall property market is expected to go through another year of consolidation in 2019 after a marginal increase of 0.3% and 0.6%, transacted value and volume respectively in 2018. Residential market led the overall property market by 62.9%, recorded an increase of 0.4% to RM68.8 billion in 2018. We believe the property market outlook will remain sluggish for another year. On the contrary, the exemptions and measures introduced in the Budget 2019 targeting the affordable residential segment we believe will spur demand growth in the affordable residential market. We will monitor this trend closely to time our new sale launch.

MALL OPERATIONS

Business and Strategies

The Group's only mall, Imago KK Times Square, with its recurring income has stabilised the Group's revenue. Opened since March 2015, the last financial year saw a shift to a higher level in terms of financial performance as the first term's tenancy came to a renewal. The brands in the mall have also continued to strengthen.

As international tourist arrivals continue to grow, tenant sales at Imago continue to surge creating a year-on-year (yoy) growth of about 15.4% in financial year 2019. This is in contrast to a report from Retail Group Malaysia ("RGM") that stated only a 3.9% growth rate for the country's retail sector in year 2018. Nevertheless, we take cognisant of this reliance on the tourism sector international segment to bring in the crowd, and have therefore continued to create events and activities that generate interests and drive footfall through the mall to boost local consumption.

We will continue to strengthen tenant mix this year, but the focus will shift to predominantly increasing tenant sales as this is crucial to the long-term prospect of a retail mall. RGM projected a growth rate of 4.5% in 2019 across Malaysia. We, however, are still seeing a relatively positive result in first quarter of 2019 with tenant sales estimated to have grown 17.2% compared to the same period last year. With additional retail malls being added to the local market eventually and strengthening of existing ones, our other emphasis will be to create, strengthen and solidify our position as the premium mall by establishing a strong brand loyalty locally.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

MALL OPERATIONS (CONT'D)

Review of Operations

Mall operations registered RM64.0 million in revenue and segment profit of RM22.4 million, respectively representing an increase of RM11.6 million, or 22.2% and RM7.3 million, or 48.4% from the same period last year. The increase in revenue was attributed to a higher revenue from rental income as a major round tenancy renewal kicked in. It also saw improved profitability with the higher revenue and continued good control of operating costs.

The year under review also saw an increase of tenancy renewal activities. Brand quality continued to grow with more established brands seeing Imago Mall as the main point of entry into the retail segment in Kota Kinabalu. Brands such as Tory Burch, Furla, Jo Malone, Bobbi Brown, Godiva, etc., had opened outlets at Imago Mall. We continue to monitor, review and plan, where necessary, trade and tenant mix to reflect the ever-changing retail market and consumer trends moving forward with an eye on the next major tenancy renewal expected in year 2021.

Imago Mall also saw itself winning the highest Gold Award again from the Shopping Malls Association of Malaysia ("PPKM") for Best Experiential Marketing in its category and a consecutive win, outperforming major shopping malls even in Klang Valley. Events and activities will continue to be an important aspect as we sought to create immersive experience and interaction with the shoppers to generate footfall. We will never forget that we are part of the local community, hence we continue to create events such as the celebration of Kaamatan to promote local culture and traditions as well as bringing the world to Kota Kinabalu with events such as Halloween.

Imago Mall continued to be accredited for ISO 9001:2015 Quality Management Standard, while it seeks to improve sustainable and responsible management and growth by going for ISO 14001:2015 Environmental Management System. At the same time, Imago Mall continued to adopt a Risk Management Framework that is based on ISO 31000 Risk Management. These international standards are adopted in order to provide a guideline and act as a compass towards more established management practices.

Operationally, we align mall operations towards more eco-friendly, such as increasing the use of LED lights, adopting Building Management System (BMS) for more effective management of mechanical systems, etc., and down to minor initiatives such as separation of cardboard boxes and other such materials for recycling, ensuring equipment are regularly maintained to improvement operational efficiency, etc. The planned adoption of ISO 14001:2015 Environmental Management System is itself a commitment towards more environmentally-responsible operations, and we believe that this will help us create long-term sustainability.

At the same time, corporate social responsibility (CSR) programs remained an important part of Imago's contribution back towards its community. Cumulatively since its inception in 2016, Hope Express has donated (funds from the public) RM265,830 to non-profit causes such as Lembaga Pelawat Taman Didikan Kanak-Kanak Kurang Upaya Sembulan, Seri Mengasih Centre Kota Kinabalu, Sabah Cheshire Home & Services, World Wide Fund (WWF), etc., as well as free sponsor of venues for notable causes such as in support of Polis Di-Raja Malaysia (PDRM) blood donation campaign, United Nation's UNICEF, etc.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

MALL OPERATIONS (CONT'D)

Anticipated Risks

We believe that there is a general oversupply of retail space in Kota Kinabalu as newer malls come into play such as ITCC Penampang, Jesselton Mall, Aeropod and Pacific Mall (yet to open) on top of existing malls such as Suria Sabah and 1Borneo amongst others. Malls will continue to find their own market segment thus dividing the retail market further into niches that target specific consumers.

Jesselton Duty-Free Mall opened its doors and will also be another risk where they predominantly target international tourists. We believe that specific trades may be affected as tourists look for bargains even though tariff on popular travel retail is not that significant in comparison with normal retail.

Although statistics from Sabah Tourism Board showed that Quarter one of 2019 still saw Y-O-Y growth from inbound China tourists and that this has contributed greatly to retail spending in Sabah, it is still a market segment that is extremely susceptive to changes in geopolitical situations, local safety and security, macroeconomics etc., as witnessed in South Korea when there was a massive drop of China tourists.

Outlook

We believe that the general retail market will continue to be weak or cautious as internal consumers look for positive signals in the country's economy while internal tourists will most likely be similarly cautious due to the global outlook. Nevertheless, the effort over the last few years since opening including the mall's positioning, trade and tenant mix, location, size and a host of events and activities will continue to drive footfall into the mall. More effort will be needed to counter the fact that other local malls are improving very fast in terms of events and activities such as being more creative and exciting. Our effort to reduce the dependence on international tourists will be more prominent this year by boosting the base of local consumption via various initiatives in order to cushion the impact in the event there is a drop in international tourists.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

CAR PARK MANAGEMENT

Business and Strategies

The car park segment is seeing stable and good growth since its inception in 2015. The operations team at Kota Kinabalu has stabilised with more experience. Even without significant changes to car park rates, car park still saw positive growth. Despite this growth and unless there is significant upwards revision of rates, the organic growth will be relatively slow with the number of car parks owned.

As such, we have started several initiatives to improve the growth of the segment, one of which is the management of other car parks. There is a total of 6 car parks being managed now including the 3 at Kota Kinabalu and 3 at Klang Valley.

In order to create more value and potential for car park segment, we have also sourced for our own car park equipment manufacturer, where the first batch of equipment is due to be commissioned and operational by third quarter of 2019 at selected car parks that we manage. We believe that as operators, we understand car park equipment and system requirements more. This should also give us the opportunity into expanding beyond mere management of car parks into providing a more holistic and complete management.

Review of Operations

Car park operations contributed RM9.9 million in revenue and RM5.8 million of profit, representing a growth of 14.5% and drop of 3.3% respectively year-on-year. The increase in revenue was mainly due to the organic growth of vehicular traffic at our car parks during the year despite no major revision in rates. The reduced segment profit can be attributed

to the increased in personnel in preparation for the expansion plans of the car park operations such as taking on the management of more car parks and the procurement of car park equipment.

The operations in Kota Kinabalu continue to improve. The year saw many rectification, repair and maintenance works, especially at Imago car park, where revenue formed almost 56.5% of the Kota Kinabalu operations. The change to LED lights were also completed during the financial year, thereby reinforcing our intention to be more environmentally-conscious in operations.

Car park operations also saw the start of the certification process for ISO 9001 Quality Management System and ISO 14001 Environmental Management Standard. The operations team went through rigorous training by external consultants to increase awareness in order to lay a good foundation for the implementation of ISO standards expected to be completed by the end of financial year 2020. At the same time, the car park division continues to implement the Risk Management Framework based on ISO 31000 Risk Management, with regular reviews of risks in order to manage risks more effectively.

The expansion of the car park segment into management of other car parks also saw an increase in personnel as well as the procurement of custom-made equipment. This is in preparation for the setting up of a car park command centre that will allow remote monitoring of equipment and statuses of the various car parks. We believe that a centralised system will reduce dependency of on-site manpower thus improving operational efficiency and streamlining operational costs.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

CAR PARK MANAGEMENT (CONT'D)

Anticipated Risks

Vehicular traffic continues to grow across the country. This is especially obvious in Kota Kinabalu where main roads are becoming more congested, resulting in congestion sometimes into the car park premises itself as vehicles are unable to disperse in time. Imago and Signature Office KK Times Square car parks are affected occasionally. We have initiated several measures to mitigate this effect and to improve customer satisfaction including improving internal road conditions, manual redirection of traffic, etc.

Car parks at Kota Kinabalu has also been in operation for several years and the same equipment has been in place since before taking over in 2015. Although maintenance works have been carried out consistently and regularly, more frequent breakdown of equipment will be expected. Nevertheless, there will be continued monitoring of the equipment and an asset replacement plan will be put in place to ensure continuity of operations.

As the segment expands, there is also the need for more talents. However, car park management is a niche industry that does not particularly appeal to the general workforce. Regardless, we believe that this can be overcome when the segment grows and incorporates more automation processes and implements a mobile platform for customers.

Outlook

The car park operations should continue to be stable in terms of revenue and profitability, although margins will reduce as the team expands and overhead costs increases in preparation for the growth plans to include management of other car parks and procurement of custom-built equipment. Despite the macroeconomic situation and muted growth nationally, we believe that the car park segment should not be drastically affected. We will continue to monitor parking rates and charges and review our own if feasible.

DIVIDEND POLICY

The Board of directors does not recommend any dividend for the financial year ended 31 March 2019. The Board of directors has not adopted a dividend pay-out policy.

SUSTAINABILITY STATEMENT

Sustainability is recognised as a fundamental component in the preservation of the Asian Pac Holdings Berhad's ("Asian Pac" or the "Company") future and has always been entrenched in the core businesses of the Group, comprising those of the Company and its subsidiaries. As with risk management, the Group is committed to prioritising its efforts towards managing the significant sustainability matters that have been identified, focusing on the Economic, Environmental and Social ("EES") matters arising from our business operations as well as those impacting the Group's operations.

This Detailed Sustainability Statement ("Statement") is prepared in accordance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa") and sets out what the Board considers as material sustainability risks and opportunities, collectively known as Material Sustainability Matters, that impact the way the Group's operations are carried out and how such Material Sustainability Matters are managed. In preparing this Statement, the Board of Directors ("Board") has considered the Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits issued by Bursa.

The scope of this Statement which reports on the Group's focus on sustainability management for the financial year under review has been determined based on the revenue and contribution of business operation segments to the Group results. As such, unless otherwise stated, the scope in this Statement includes the Group's property development, mall operations, and car park operations segments, each contributing to 46.9%, 44.3%, and 6.8% respectively to the Group's consolidated revenue.

GOVERNANCE STRUCTURE

Whilst the Board is primarily responsible for the sustainability performance of the Group, it has delegated the role and responsibility in overseeing the sustainability performance of the Group to the Audit and Risk Management Committee ("ARMC"). In addition, a committee, namely the Risk Management Working Committee ("RMWC"), which is helmed by key management personnel, has been tasked to assist the Board and ARMC in managing sustainability-related matters.

The RMWC has been tasked to manage sustainability-related matters as the Group integrates sustainability into its risk management system, where sustainability is treated as one of the key discussion points at all its meetings. The RMWC currently plays a more strategic role as it is now entrusted with responsibilities that include the following:

- establishment of a sustainability framework;
- reviewing the adequacy of sustainability initiatives and processes;
- ensuring effectiveness in identification, evaluation, management, and reporting of Material Sustainability Matters; and
- monitoring and overseeing all sustainable strategies and initiatives of the Group.

With such new auxiliary responsibilities, the RMWC plays a pivotal role in ensuring the success of the Group's sustainability initiatives.

MATERIAL SUSTAINABILITY MATTERS AND HOW THEY ARE MANAGED

In determining the sustainability matters which are most material to the Group, Asian Pac has undergone a materiality process guided by the definition of material sustainability matters as prescribed in Practice Note 9 of the MMLR, principles of which are also consistent with the Sustainability Reporting Guide – 2nd Edition as well as the Global Reporting Initiatives ("GRI") Sustainability Reporting Standards.

During the financial year under review, the RMWC members, together with relevant Senior Management and Management personnel, attended a sustainability training and workshop session, where participants deliberated on the Group's key stakeholders considering their influence and dependence on the Group's businesses. Amongst others, key stakeholders identified include employees, customers and end-consumers, contractors, consultants and property managers, investors and shareholders, financial institutions and lenders, government agencies, law enforcers and regulators and the media. With an objective to strategically engage with the Group's key stakeholders, the Group has also reviewed its engagement approaches and methods with each of these key stakeholders. A brief summary of the Group's key stakeholders, currently adopted engagement approaches and methods, and key focus areas with these key stakeholders are summarised as follows:

MATERIAL SUSTAINABILITY MATTERS AND HOW THEY ARE MANAGED (CONT'D)

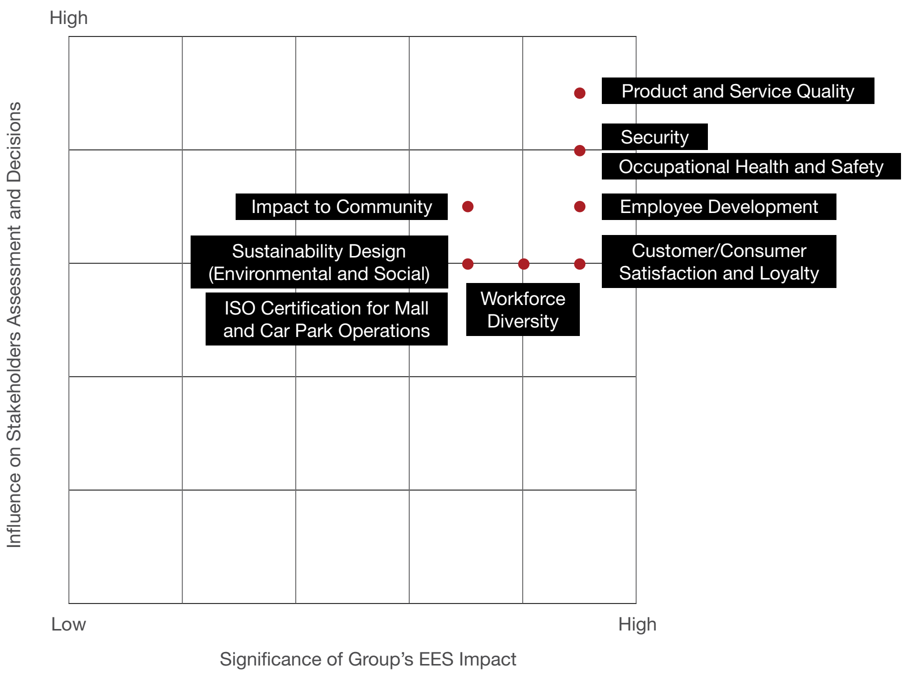
Key Stakeholders	Engagement Approaches and Methods	Key Engagement Focus Areas
Employees	• Performance appraisal • On-the-job training	• Employee benefits • Career development and/or talent management program • Competency and knowledge development • Occupational safety and health
Customers and End-consumers	• Via project managers (for Property Development Segment) • Survey forms (for Mall Operations Segment) • Social Media, e.g. Facebook, Instagram, etc.	• Product quality and timeliness • Consumer experience • Security and safety • Affordability
Contractors	• Day-to-day business dealings • Meetings	• Product quality and timeliness • Impact on community
Consultants and Property Managers	• Day-to-day business dealings • Meetings	• Sustainable design • Impact on community
Investors and Shareholders	• Annual General Meetings and Extraordinary General Meetings, if any • Announcements • Company website	• Return on investment • Profitability
Financial Institutions and Lenders	• Day-to-day business dealings • Annual reviews	• Return on investment • Profitability • Financial obligations
Government Agencies, Law Enforcers and Regulators	• Meetings	• Sustainable design, including accessibility • Security and safety • Compliance
Media	• Meetings • Events and invitation for coverage	• Reputation

MATERIAL SUSTAINABILITY MATTERS AND HOW THEY ARE MANAGED (CONT'D)

Subsequently, the Group has identified sustainability matters which are relevant to the Group's businesses, focusing on economic, environmental and social aspects. A materiality assessment was then conducted to assess each of the identified sustainability matters, considering the following:

(i) the significance of the sustainability matter and its impact in relation to the Group's businesses; and
(ii) how substantively the sustainability matter affects key stakeholders' assessments and decisions.

The materiality assessment was conducted systematically, facilitated via a ratings-based assessment tool, to prioritise the sustainability matters based on their materiality to the Group. The Group's material sustainability matters were identified as presented in the following materiality matrix.



FY2019 MATERIALITY MATRIX FOR ASIAN PAC HOLDINGS BERHAD GROUP

The identified material sustainability matters are discussed thematically in accordance with the respective segments, as follows:

	Property Development	Mall Operations	Car Park Operations	Group-wide
Product and Service Quality	☑	☑	☑	
Sustainable Design and Practices	☑	☑	☑	
Safety, Health, and Security	☑	☑	☑	
Impact on Community	☑	☑		☑
Employee – Diversity and Development				☑

PRODUCT AND SERVICE QUALITY

Property Development

The Group is committed to delivering quality products and services in a timely manner, maximising value creation for the Group's customers. The Group has adopted CIDB's QLASSIC industry standards in its property development projects. Stringent quality checks are performed at all stages of construction and finishing, including testing and commissioning of utilities, external and internal fittings and aesthetic appeal that are packed in the comfort of a secure and well-built home.

Our continuous efforts in value engineering materials used in property development also prove to accentuate our expertise in creating value for our homebuyers through the building of affordable yet quality housing.

We always target to adhere to our unit delivery schedule and maintain continuous communication with our homebuyers through our sales team on matters pertaining to delivery including updates on progress and to address any of our homebuyers' concerns. We target to resolve all defect liability claims within 30 days from submission.

For the financial year under review, the currently ongoing project Fortune Centra launched in May 2017 had marked a 45% completion as at 31 March 2019.

Mall Operation

Our mall operation division operates the Imago Mall ("Imago") in Kota Kinabalu, Sabah, which aims to position itself as an experiential mall, delivering quality services and experience at an international level. Our strategies include attracting quality tenants and shoppers to ensure a targeted positioning of the mall. At Imago, our good mixture of tenants from luxury and bridge brands to national and local brands ensures a good spread that caters to a wider audience. In our mall, we actively engage shoppers with well-thought and executed events and activities on-site and online to continuously generate new experience.

Furthermore, our mall operation has been certified to meet the standards of ISO 9001: Quality Management System, demonstrating the ability and intention of the team to consistently provide professional quality service that meets international standards. In adhering to the stringent requirements of the standards which are audited on a regular basis by external, independent ISO auditors, we are able to continually monitor and manage quality across our operations to achieve consistent performance and service.

The Group monitors a range of performance metrics to gauge the continuous performance of the mall, including for the short-term, medium-term and long-term. Amongst others, the performance metrics include footfall and occupancy rate, for which we have developed a measurement method since June 2018. As the indicators do not represent the performance of the entire financial year, they are not disclosed for the financial year under review. Nonetheless, they will be disclosed for the next financial year, and so on.

We are also proud to have received recognition from the Malaysia Shopping Malls Association ("PKKM") which awarded Imago the Gold Award for the Best Experiential Marketing (Category B) 2018 for the second consecutive year.

We also conduct periodic surveys with shoppers and tenants to better understand their ever-changing requirements and expectation to allow more long-term strategic planning and continuous improvement of the mall in meeting the demands of our mall community. In addition, we also engage with our shoppers via social media platforms, such as Facebook and Instagram, to maintain a continuous dialogue, updating our shoppers on upcoming events and listening to their views and feedback.

Through these surveys and engagements, we keep track of our customer and shoppers' satisfaction. We have noted an improvement in satisfaction levels during the financial year under review. At the same time, we are developing a Loyalty Program for our mall and expect it to be launched by the fourth quarter of 2019.

SUSTAINABILITY STATEMENT
(CONT'D)

PRODUCT AND SERVICE QUALITY (CONT'D)

Car Park Operation

The Group maintains three (3) car park sites located in Kota Kinabalu, Sabah, which are open to the general public from retail shoppers to office workers, tenants, and occupants to customers of a neighbouring hospital. The car park rates are regularly being monitored in order to be competitive while generating good revenue and profitability. Two (2) of our car park sites are located in the vicinity of Imago and hence is working closely with the mall operation to support Imago's overall business strategy and direction.

One of the key challenges for maintaining the quality of our car park, specifically our car park in Imago, is the traffic flow of the car park. As Imago is strategically located near a major, busy junction leading towards Kota Kinabalu town centre, getting out of the mall during peak hours may become challenging, on top of the ever-increasing traffic volume of Kota Kinabalu city. We have engaged traffic consultants to further understand the issue and the consultants have conducted a traffic impact assessment to identify areas of improvement. We will continue to work together with the relevant authorities and professionals to improve the traffic conditions surrounding Imago and its car park.

In order to create a more comfortable and secure environment for users, we have undertaken an initiative to upgrade our car parks by replacing fluorescent lights with LED lights. For areas where upgrading works had been completed, we have noted noticeable improvements, as well as achievement of greater energy efficiency. Further details on the energy efficiency aspects of the initiatives are set out in **Sustainable Design and Practices** below.

Further to that, as quality management is essential to building long-term sustainability, our car park operations have also moved towards obtaining ISO 9001: Quality Management System certification.

SUSTAINABLE DESIGN AND PRACTICES

Environmental and social factors are sustainability considerations which the Group integrates into its company strategy as the Group believes in the balanced harmony between the environment, society, and the Group's businesses, be it property units, mall or car park operations, helps to create long-term value.

Property Development

The Group is diligent in the selection of building materials, placing emphasis on environmentally friendly building materials, such as using low Volatile Organic Compound ("VOC") paint and aluminimum formwork, aligned with the Group's objective in building sustainable green buildings. Some of the Group's projects also incorporate sustainable designs such as rainwater harvesting systems. Our Fortune Perdana project has obtained Green Building Index ("GBI") Certification (Gold Rating) and we are working towards obtaining the same for our Fortune Centra project as well. The assessment criteria used in for GBI Certification include, amongst others, energy efficiency, indoor environmental quality, sustainable site planning and management, materials and resources use, water efficiency and innovation.

Such sustainability aspects which include environmental and social aspects were considered from design to construction, in collaboration with our architects, quantity surveyors, contractors and professional experts engaged during the process, guided by relevant guidelines by GBI. Execution of our projects is also monitored via a project plan which includes milestones pertaining to efforts relating to the abovementioned criteria. Our currently ongoing project, i.e. Fortune Centra, is also guided by similar sustainability considerations and similar project execution approach.

SUSTAINABLE DESIGN AND PRACTICES (CONT'D)

Mall Operation

Our operation in Imago actively seek ways to reduce the consumption of resources, such as electricity, water, and gas. Active steps have been taken to promote more efficient use of resources. Some examples include, using automatic sensor taps and flush systems in washrooms to reduce water usage, fine-tuning chillers to optimise comfort against electrical consumption, installing hand dryers to reduce the use of paper towels, installing door stoppers to minimise loss of air-conditioning and converting escalators to include motion-sensors to reduce use of electricity and mechanical wear and tear.

Imago's lighting and air-conditioning systems are monitored by Building Automation System ("BAS") which is a computerised system for monitoring energy consumption. Besides, Imago has also established an Energy Audit Committee which is guided by a clear and objective policy that intends to drive further energy-saving initiatives not only in the mall but equally in the office environment as part of a joint-effort by everyone to bear their own environmental responsibilities.

The mall also actively supports environmental causes indirectly such as sponsoring venue spaces for the local branch of World Wildlife Funds ("WWF"), observing Earth Hour, an initiative by WWF (last Saturday of every March) on a permanent yearly basis to switch off essential lights for a minimum of one hour and encouraging our tenants to participate.

Imago aims to serve as an experiential mall that is inclusive and caters for all. Working together with the local authorities, we have designated access for the physically challenged to allow everyone the opportunity to have access to our mall. In addition to that, toilets designated for the physically challenged in Imago are modern and in line with international best practices.

We have in place a modern nursery room complete with potable hot water, diaper changing facilities, private nursing rooms and waiting lounge for fathers. This is in support of breastfeeding mothers and provide them with a clean, safe and secure environment. It has family toilets which provide better convenience for parents bringing their kids to toilets.

With our tenants in mind, we have also established a Workers' Rest Area for our tenants and their staff. This is an initiative taken in the interest of our stakeholders where tenants and staff now have a place to rest during breaks and have meals. The resting area is equipped with microwaves, water dispensers and wash basins. Cognisant of the fact that we have a diverse community with different religious beliefs, we have provided halal and non-halal microwaves.

Car Park Operation

One of the key operating expenses of a car park operation is electricity costs. In addition, we are aware that local electricity is still mainly sourced from carbon-based fuel such as gas or diesel. As such, it was a case where it made environmental and economic sense to study into how the Group can achieve greater energy efficiency and at the same time benefit economically.

We have analysed and considered the energy efficiency of our car park operations and noted possible economic and environmental benefits as well as greater energy efficiency by replacing fluorescent lights with LED lights. We have then embarked on a project to replace car park lightings with LED lights on a phased approach. The implementation progress for each of our car parks as at 31 March 2019 are as follows:

	Progress (%)	Target Completion Date
Imago Car Park	100%	Completed in March 2019
KK Times Square Car Park	0%	August 2019
Karamunsing Capital Car Park	0%	August 2019

For our completed implementation in Imago, we have seen a noticeable improvement in the lighting quality in the car park. The use of LED lights, which has greater energy efficiency as compared to fluorescent lighting, means that with the amount in electricity cost that we pay we are getting better light quality, and it also means that we have wasted less of our electricity resource as more electricity is successfully converted into light.

Currently, both our mall and car park operations are going for ISO 14001: Environmental Management Systems certification in order to better guide operations to manage our environmental responsibilities. This is a show of commitment to our belief in creating environmentally sustainable operations.

As part of this commitment, the teams from both operations continuously source for local materials, suppliers, and contractors where possible, to reduce potential transportation that will add to the carbon footprint of the operations as well as generating local economic value. Other efforts include actively monitoring the energy management and waste management efforts of both operations to explore process improvements to achieve a low carbon and waste generation. In addition, Imago is supportive of recycling programs and will be providing recycle bins around the mall in the near future. It will also ensure compliance with any emission standard requirements as set by the local authorities.

ISO 14001 certifications for the mall and car park operations are expected to be obtained by December 2019.

SAFETY, HEALTH, AND SECURITY

The wellbeing of our stakeholders, such as our employees, contractors, customers, shoppers, etc., are of particular importance to us as a socially responsible business. It is hence important to ensure people, such as employees working with us, shoppers at our mall, consumers in our car parks, our homebuyers, etc., are provided with a safe and healthy environment when they are at our property.

Property Development

We are aware that the health and safety of one of our key stakeholders, i.e. our homebuyers, depends greatly on the quality of the property unit, particularly indoor quality to which a tenant is likely to be exposed in the long term. Volatile Organic Compound ("VOC") is commonly found to have a higher concentration level in indoors than outdoors and may cause symptoms such as headaches and dizziness as well as long term negative impacts on the human body.

The Group is careful in its selection of materials used as interior finishing, i.e. paint, to avoid using those which contains VOC in its properties. The Group has in place a policy to only use VOC-free paint in its properties.

The construction of our property development projects is undertaken by contractors and subcontractors. Nevertheless, we will continue to perform stringent assessments on the selection of our contractors/subcontractors and require them to ensure compliance with the law and regulations, especially pertaining to workers safety and public safety such as ensuring contractors and their workers have valid CIDB Green Cards.

Mall Operation

As a publicly accessible destination, Imago can be highly susceptible to safety and security risks. Being aware of this, we have collaborated with the Royal Malaysia Police to open a Police Beat Office within the mall premise. This does not only serve as a local contact point with the police force for the local community, but it also creates an additional window for tourists in the mall to make inquiries. We believe that the collaboration provides added security to our shoppers and tourists and allows them to have their activities around Imago with a greater sense of security.

Our security team undergoes regular drills and training preparing them to respond to emergency situations. The financial year under review also saw our security team undergoing training relating to being an effective security officer, emergency evacuation, firefighting, basic first aid, emergency response, and management, etc.

SAFETY, HEALTH, AND SECURITY (CONT'D)

Mall Operation (cont'd)

We are also in the process to build our auxiliary police force with our security team which will allow our team to undergo security training according to Royal Malaysia Police standards. With our own auxiliary police force, we will be able to further enhance the robustness of our mall security.

Furthermore, regular fire drills in collaboration with the local Fire Department (BOMBA) are conducted along with emergency-response drills that encourage the participation of tenants and their workers to ensure that they are knowledgeable with basic safety and emergency responses.

Car Park Operation

Similarly, to maintain a secure car park environment, we have put in efforts to enhance and upgrade the lightings of our car parks and maintain regular patrolling of the car parks by our internal security teams. The enhanced lighting conditions of our car parks will provide a more comfortable and secure environment for users. In addition to that, our car parks are equipped with panic buttons at appropriate locations and we also have designated ladies-only parking spots in Imago.

Further details on the implementation progress for the upgrading of lightings are set out in **Sustainable Design and Practices** above.

IMPACT ON COMMUNITY

Property Development

The Group recognises the impact it may cause to the surrounding community of its project sites and buyers of the property. One of the more significant impacts of the Group's property development activities is the nuisance created by the construction activities to the local community, which may include dust and noise pollution.

To address this, the Group, through its contractors/subcontractors, has undertaken various efforts to minimise the impact, including regular cleaning of the construction site with water and constant reminders to truck drivers to reduce and limit the speed of their vehicles on site. We also require our contractors/subcontractors to perform work strictly in accordance with the regulations and guidelines of the authorities, including working within the permitted hours to prevent disruption of the livelihood of the surrounding community.

At the same time, the Group also works closely with the authorities and obtains feedback and complaints from representatives of the community to address any arising issues.

Where waste management is concerned, at the construction site, the Group takes measures to reduce and manage wastes in a responsible manner by ensuring appointed licensed contractors adhere to the same. Besides installing silt traps to minimise site pollution, all wastes generated from project sites are either recycled for reuse or transported to designated disposal sites timely and efficiently to minimise disruption to the daily lives of the community.

During the financial year under review, apart from issues pertaining to nuisance on which the Group had worked on resolving with authorities and the community, the Group had not received any other significant complaints on negative impacts arising from the Group's property development activities.

Mall Operation

Imago Mall encourages the development of businesses by locals in order to promote development of economy at the local business community level, which leads to generation of local wealth that hopefully will subsequently circulate within the local community and elevates local livelihood quality to an international standard. It is also with this intention we have created "Heritage", which is a food and beverage section where local food hawkers have a chance to be part of the modern retail environment.

In support of local businesses, our tenanting strategy considers a mix of luxury and bridge brands and national and local brands. As at 31 March 2019, our tenant mix, in terms of retail space, comprises the following:

Tenant Mix Percentage	
Sabah Brand	12%
International Brand	27%
National Brands, apart from Sabah Brand	61%

SUSTAINABILITY STATEMENT
(CONT'D)

IMPACT ON COMMUNITY (CONT'D)

Mall Operation (cont'd)

We view Imago as a destination that brings people together, including bringing family members closer together, bringing in tourists from different countries and cultural background as well as introducing and promoting local cultures to the international communities.

In Imago, we have introduced a kids' train ride, called the "Hope Express", where train ride fares of any amount paid voluntarily by the public are donated in full to a charity every six (6) months while Imago handles the cost of running this event. For the financial year under review, the donation has been made to charities including the WWF-Malaysia and Sabah Cheshire Home & Services (Persatuan Rumah Amal Sabah), which was established with the objective to help the differently abled people to live independently within their capabilities in the home and within society.

Imago has also incorporated local and regional celebrations and festivities permanently into its events calendar such as Pesta Kaamatan (Harvest Festival). At our own cost, we have also introduced a permanent local cultural dance performed by locals which run daily to introduce local cultures to shoppers in the mall, which include international tourists from countries such as China and South Korea, thereby introducing the culture of local indigenous people to the world. Such initiatives have earned Imago recognition even from the local government that it was awarded the Best Shopping Mall for the Sabah Tourism Awards 2017 which is held once every two years.

Imago also supports corporate social responsibility activities by providing free rental space and sponsors for approved sponsorship events such as WWF wildlife fundraising, Blood Donation drive, UNICEF fundraising, etc. For the financial year, Imago had also sponsored events for the Royal Malaysia Police, BOMBA and other government bodies to provide public safety and health awareness to the public.

The Group

Employees of the Group as a whole are also passionate about making a difference in the community and are encouraged to be involved in causes that resonate with them. For the financial year ended 31 March 2019, employees of the Group had conducted a visit to the Lotus Charity Care Centre and provided new furniture and schooling needs for children of the centre.

EMPLOYEES – DIVERSITY AND DEVELOPMENT

The Group is supportive of equal opportunity and believes in meritocracy. In considering candidates for hiring and assessment of current employees, it does not discriminate on the basis of background, gender or race.

Details of the Group's employment statistics are set out in the following table.

	Management	Non-Management	Total
Local	45	191	236
Foreign	0	0	0
Male	26	141	167
Female	19	50	69
< 30 y.o.	1	93	94
30 y.o. < x < 50 y.o.	34	88	122
> 50 y.o.	10	10	20

SUSTAINABILITY STATEMENT
(CONT'D)

EMPLOYEES – DIVERSITY AND DEVELOPMENT (CONT'D)

More than half of the Group's workforce is based in Sabah, which has a population with rich and blended cultural backgrounds. As such, the Group does not actively identify or group its workforce by ethnicity or cultural background, and hence such information is not available for reporting. That said, the Group's merits-based approach has helped to provide equal opportunities to all and has helped to build a diverse workforce reflecting the rich cultural diversity of the local demographics, creating an opportunity for the transfer of not only knowledge and experience but culture and tradition.

The Group has approximately 30% female representation in the workforce, as we look towards a 33% representation or more to minimise the gender gap. Imago itself has also created more than 2,000 jobs for the local community. With non-stratified retail management being a relatively new concept in Sabah brought in by Imago, the operation workforce is generally young with an average age of 31, but we have a good spread from fresh graduates to experienced seniors.

The Group is mindful of the need to constantly upskills its workforces and treat its employees fairly by providing equal opportunities to all for personal and career enhancement. The Group identifies the talents and skills required to drive the Group toward meeting its corporate objectives, and at the same time, it engages with employees to identify whether such talents and skills need further enhancement within its workforce.

For the financial year under review, the Group invested in developing employees' functional development, leadership, soft skills, as well as occupational safety training. A summary of the key subject matters of the training provided for the financial year under review includes, but not limited to, the following:

- ISO 9001: 2015 Quality Management Systems and Internal Auditing;
- PPK Certification courses;
- Occupational Safety and Health;
- Industrial First Aid; and
- CIDB Green Card.

For the financial year under review, the Group employees completed more than 5000 training hours as part of our initiative to ensure continuous professional development.

The Group also encourages professional development by employees by offering to sponsor the cost of selected professional qualifications. For the financial year under review, the Group has sponsored 1 employee for professional development in handling electrical systems, i.e. Chargeman Certification course under Suruhanjaya Tenaga.

The Group also recognises the value of dedicated and long-serving employees, acknowledging that their dedication, loyalty, and contribution throughout the years have made the Group what it is today. The Group has a policy to provide financial incentives to award long-serving employees for completing 10 years of service within the Group and subsequently every five (5) years thereafter. For the financial year ended 31 March 2019, the Group presented 5 employees who have been with the Group for 10 years or more with its Long Service Award.

BUILDING A SUSTAINABLE FUTURE

The Board is of the view that the existing sustainability practices adopted are adequate and pertinent to steer the Group's sustainable growth. Nonetheless, it will consider the need to implement other sustainability practices, as appropriate, to augment existing ones as the Board monitors the sustainability performance of the Group's operations on an ongoing basis.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas
Chairman/Independent Non-Executive Director

Dato' Mustapha Bin Buang
Managing Director

Dato' Mohamed Salleh Bin Bajuri
Independent Non-Executive Director
(Appointed on 1 March 2019)

Ms Tan Siew Poh
Non-Independent Non-Executive Director

Dr Yu Tat Loong
Executive Director

Ms Soon Dee Hwee
Independent Non-Executive Director

Mr Sherman Lam Yuen Suen
Independent Non-Executive Director
(Appointed on 2 January 2019)

AUDIT AND RISK MANAGEMENT COMMITTEE
Dato' Mohamed Salleh Bin Bajuri
(Appointed as Chairman on 23 May 2019)
Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas
Ms Tan Siew Poh
Ms Soon Dee Hwee
Mr Sherman Lam Yuen Suen

REMUNERATION COMMITTEE
Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas (Chairman)
Ms Soon Dee Hwee
Ms Tan Siew Poh

NOMINATION COMMITTEE
Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas (Chairman)
Ms Tan Siew Poh
Ms Soon Dee Hwee

SECRETARIES
Ms Chan Yoon Mun, ACIS (MAICSA 0927219)
Ms Ooi Mei Ying, ACIS (MAICSA 7051036)

AUDITORS
Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur

SHARE REGISTRAR
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No: 03-2783 9299
Fax No: 03-2783 9222

REGISTERED OFFICE
12th Floor, Menara SMI
No. 6, Lorong P. Ramlee
50250 Kuala Lumpur
Tel No: 03-2786 3388
Fax No: 03-2786 3386
Website: www.asianpac.com.my

PRINCIPAL BANKERS
Affin Islamic Bank Berhad
Alliance Bank Malaysia Berhad
Kuwait Finance House (Malaysia) Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
Stock Name: ASIAPAC
Stock Code: 4057

DIRECTORS' PROFILE

Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas

Chairman/Independent Non-Executive Director
Malaysian, Male, Aged 75

Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas was appointed as a Non-Executive Director and Chairman of the Company on 19 October 1994. He is an Independent Director and serves as the Chairman of the Nomination and Remuneration Committees of the Company. He is also a member of Audit and Risk Management Committee.

He holds an Honours Degree in Law from the University of Singapore. He was a lawyer by profession and practiced for 14 years until 1986 when he went into full time politics. He was formerly the State Assemblyman of Kelana Jaya, Selangor for two terms (1986 – 1990 and 1990 – 1995).

He was appointed Executive Committee Member of the Federation of Public Listed Companies Berhad (FPLC) in August 1994 and elected President in October 1997. He represents this organization to the High Finance Committee of the Ministry of Finance. Further, he was also one of the first members of the Management Committee of the Malaysian Institute of Corporate Governance (MICG), and was elected President in April 1998 till 2015 and currently its Honorary Patron. In addition, he was appointed as a member of the National Economic Consultative Council 2 (NECC 2) by the then Prime Minister, where he was involved in the Human Resource Development Committee. In September 1999, he was appointed to the Capital Market Strategic Committee by the then Finance Minister and in August 2001, he was appointed as a member of the Corporate Debt Restructuring Committee (CDRC) of Bank Negara. He was on the Listing Committee of the then KLSE for nearly ten (10) years. He was member of the Advisory Board of the Malaysian Anti-Corruption Commission ("MACC").

He sits as trustee for three (3) charitable foundations, namely, Mykasih (Charity) Foundation, Tan Sri Muhyiddin Charity Golf and the Vijayaratnam Foundation. He also sits as trustee for Quest International University Perak.

Tan Sri Dato' Seri Hj Megat Najmuddin also holds directorship in SEG International Bhd. He is the chairman of the said listed entity

Tan Sri Dato' Seri Hj Megat Najmuddin attended all five (5) board meetings which were held in the financial year ended 31 March 2019.

Dato' Mustapha Bin Buang

Managing Director
Malaysian, Male, Aged 71

Dato' Mustapha Bin Buang is the Managing Director of the Company. He first joined the Board as a Non-Executive Director on 14 October 1994.

He holds a degree in Economics from University Malaya. After graduation in 1972, he joined the Johore State Government as an Economic Planner. He then joined the finance industry from the year 1974 holding senior management position and gathered 16 years experiences in the finance sector. Besides he holds directorships in several private limited companies, he was Deputy President of Tan Sri Muhyiddin Charity Golf since 2006 until 2013. Presently, he sits as Committee Member of Board of Trustee of Tan Sri Muhyiddin Charity Golf Foundation since 2010 and also sits as Trustee/Board of Yayasan Nurul Yaqeen since January 2005.

Dato' Mustapha attended all the five (5) board meetings which were held in the financial year ended 31 March 2019.

DIRECTORS' PROFILE
(CONT'D)

Dato' Mohamed Salleh Bin Bajuri
Independent Non-Executive Director
Malaysian, Male, Aged 68

Dato' Mohamed Salleh Bin Bajuri was appointed as an Independent Non-Executive Director of the Company on 1 March 2019. He is also the Chairman of the Audit and Risk Management Committee of the Company.

He obtained his Chartered Accountant qualification from the Institute of Chartered Accountants, Ireland in 1978.

He began his career in Malaysia in 1978 with Peat Marwick & Co. as Senior Audit. In 1979, he joined Mayban Finance Berhad as Manager and was later promoted to General Manager in 1982. He was then promoted to General Manager of Malayan Banking Berhad in 1988 and worked in this position until 1992. Upon resigning from Maybank in 1992, he was appointed as Managing Director of JB Securities Sdn Bhd, a stockbroking firm which he was a founder member. After disposing of his equity stake in the said stockbroking firm in 1995, he joined a property development and property management company - CRSC Holdings Berhad as an Executive Director. Presently, he holds the position of Deputy Chairman of CRSC Group of Companies.

In the past, Dato' Salleh had served the society/body as follows:
- Alternate Chairman of the Association of Finance Companies in Malaysia (AFCM) from 1982 to 1987;
- Chairman of the AFCM Committees for Education and Public Relations from 1982 to 1987;
- Director of Saham Sabah Berhad from 1997 to 1999;
- Trustee for Tabung Anak-Anak Melayu Pontian from 1995 to 2006;
- Yayasan Kebajikan SDARA from 1997 to 2002; and
- Chairman of Agro Bank Malaysia from 2008 until June 2010.

Currently, he is a member of the Board of Trustee and Treasurer for Tan Sri Muhyiddin Charity Golf Foundation. And he is also a Director of Eden Inc. Berhad, SAM Engineering & Equipment (M) Bhd and Inch Kenneth Kajang Rubber Public Limited Company, all public companies listed on Bursa Malaysia Securities Berhad.

For the financial year ended 31 March 2019, there was no Board Meeting attended by Dato' Salleh as he was appointed on 1 March 2019.

Ms Tan Siew Poh
Non-Independent Non-Executive Director
Malaysian, Female, Aged 56

Ms Tan Siew Poh was appointed to the Board of the Company as Non-Independent and Non-Executive Director on 18 March 2008. She is also a member of the Audit and Risk Management Committee, Nomination and Remuneration Committees of the Company.

Ms Tan graduated from the University of Melbourne, Australia with a Bachelor of Commerce majoring in Accounting and Economics and is a Certified Practising Accountant. She is a member of the CPA Australia and Malaysia Institute of Accountants. Ms Tan commenced her career with Prudential Assurance Berhad for about three years in the Investment Division before moving on to join the Corporate Finance Division in Asian International Merchant Bankers Berhad in 1990. Ms Tan then joined Rashid Hussein Securities Sdn Bhd in 1993 and last held the position of Assistant General Manager of Corporate Finance, before moving on to oversee the Corporate Planning Division of the group in 1996. Presently, she is also a director of South Malaysia Industries Berhad.

Ms Tan attended all the five (5) board meetings which were held in the financial year ended 31 March 2019.

DIRECTORS' PROFILE
(CONT'D)

Dr Yu Tat Loong
Executive Director
Malaysian, Male, Aged 43

Dr Yu Tat Loong was appointed to the Board of the Company as Executive Director on 28 May 2013.

Dr Yu first graduated with a Bachelor in Engineering (BEng) in Civil Engineering from the University of Bath, England, before proceeding directly to obtain his Doctorate of Philosophy (PhD) from University of Cardiff, Wales, with his postgraduate research on optimisation of aerospace structures using heuristic algorithms. He is a member of The Royal Institution of Chartered Surveyors (MRICS) as well as a member of The Institute of Enterprise Risk Practitioners (INSTERP) and is a certified Enterprise Risk Manager (ERM) specialising in the practice of risk management in organisations.

He has over 15 years of professional experience in real estate development and management projects in China and Malaysia, and possesses vast experience in design, planning and construction of real estate. He also has overall operational management experience in leasing, marketing, and facility management of retail, commercial, hospitality and car parks. He currently manages assets in current value worth more than USD1.0 billion combined. He has also successfully achieved ISO 9001 Quality Management Standard certifications for operations, winning several International Property Award (IPA) for real estate developments, amongst other various accolades.

Dr Yu attended five (5) board meetings which were held in the financial year ended 31 March 2019.

Ms Soon Dee Hwee
Independent Non-Executive Director
Malaysian, Female, Aged 58

Ms Soon Dee Hwee was appointed to the Board of the Company as Independent Non-Executive Director on 23 January 2017. She is also a member of Audit and Risk Management Committee, Nomination and Remuneration Committees of the Company.

She has more than 20 years of extensive experience in corporate finance where she had been attached to Bumiputra Merchant Bankers Berhad, Alliance Investment Bank Berhad and Hwang DBS Investment Bank Berhad. Prior to that, she was in the auditing field attached to Messrs. Hanafiah Raslan & Mohd and subsequently Messrs. KPMG She is currently the Senior Vice President of Hwang Capital (Malaysia) Sdn Bhd Group.

Presently, she is also a director of Prudential Assurance Malaysia Berhad and Mynews Holdings Berhad. Mynews Holdings Berhad is a public company listed on Bursa Malaysia Securities Berhad.

Ms Soon attended five (5) board meetings which were held in the financial year ended 31 March 2019.

DIRECTORS' PROFILE
(CONT'D)

Mr Sherman Lam Yuen Suen
Independent Non-Executive Director
Malaysian, Male, Aged 46

Mr Sherman Lam Yuen Suen was appointed to the Board of the Company as Independent Non-Executive Director on 2 January 2019. He is also a member of Audit and Risk Management Committee of the Company.

Mr. Lam holds a Master's degree in Business Administration (Finance) from Charles Sturt University, Australia.

He is a member of the following professional bodies/ associations:

- Certified Financial Planner (CFP™), Financial Planning Association of Malaysia
- Fellow, Institute of Public Accountants, Australia.
- Member, Chartered Institute of Securities and Investments (MCSI), U.K.
- Chartered Audit Committee Member of the Institute of Internal Auditors (IIA), Malaysia.
- Deputy Secretary, China-Asean (Malaysia) Entrepreneurs Association.
- Member, China Real Estate Chamber of Commerce (HK and International Chapter)

Mr Lam started his career with Fulton Prebon (M) Sdn Bhd, a financial services subsidiary of Seacorp (now known as Amanah Capital Partners Berhad) from 1994 to 1997. Thereafter, he joined Utama Merchant Bank Berhad, a subsidiary of Utama Banking Group and an associate of HSBC Investment Bank Asia, as its Chief Dealer and Treasury Manager. He then joined a corporate finance advisory outfit, Nikkei Pacific Corporate Advisors as Associate Director, Corporate Finance until his resignation in late 2002 to start-up Cirrus Ventures (M) Sdn Bhd, a private equity and strategy consulting firm operating in South East Asia and Australasia.

Mr. Lam has previously served on the Board of Directors of Bintai Kinden Corporation Berhad from 2010 to 2013, as an Independent Non-Executive Director and Member of the Audit Committee and Nomination Committee. Currently, he also serves as an Advisor to a few public and private entities in the APAC region, consulting in matters relating to investments, corporate finance and strategy. He is also a Founding Partner and Director of Herbitec (M) Sdn Bhd, a biotechnology company focused on research and development with Malaysian universities in the nutraceuticals space, since 2007.

Mr Lam only attended one (1) board meeting for the financial year ended 31 March 2019 as he was appointed in January 2019.

Note:-

Save as disclosed above, none of the Directors have:
i) Family relationship with any Director and/or substantial shareholder of the Company;
ii) Conflict of interest with the Company; and
iii) Conviction for offences (other than traffic offences) within the past 5 years.

SENIOR MANAGEMENT'S PROFILE

Mr Chang Tze Yoong
Senior General Manager, Property Division
Malaysian, Male, Aged 42

Mr Chang Tze Yoong brings with him 19 years' experience in the property development industry. He began his career at Hong Leong Property Management before joining Sunway City Berhad for 11 years. He was last appointed as Unit Profit Centre Manager for 7 subsidiary companies in Sunway Berhad before assuming his position as Project Director of Sunsuria Bhd and followed by Head of Property, Naim Holding Berhad. Prior to joining Asian Pac Holdings Berhad, he worked at Mah Sing Group Bhd as its Senior General Manager (Head, Project Technical). He is currently the Senior General Manager, Property Division for Asian Pac Group.

He holds a Master's Degree in Business Administration (International Business) from the Graduate School of Management, Universiti Putra Malaysia and a Bachelor's degree in Civil and Structural Engineering from Universiti Kebangsaan Malaysia.

Mr Wong Yee Kean (Ken)
Financial Controller
Malaysian, Male, Aged 46

Mr Ken Wong is the Financial Controller, heading the Finance Division of the Group. He joined the Group in August 2010 as an Assistant General Manager in the Corporate Planning Division. He was later transferred to the current post in March 2014. He has over 10 years of professional experiences in corporate finance and advisory as well as financial accounting, which include debts restructuring, group reorganisation, mergers & acquisitions, equity and bond issues, distressed assets management, project evaluations and investigative audit for losses.

He is a member of the Malaysian Institute of Accountants, fellow member of the Association of Chartered Certified Accountants and a charterholder of Chartered Financial Analyst.

Mr Chong Ka Loong (Carriek)
Senior Manager, Property Management
Malaysian, Male, Aged 43

Mr Carriek joined the Group in August 2013 as a Senior Manager in property management division. He managed the Group's entire IMAGO Mall at Kota Kinabalu, Sabah. He has 14 years of experience in mall management, having managed more than 3.4 mil sq. ft. of property facilities space.

He is a member of the Malaysian Shopping Mall Association and a Certified Mall Operations Manager. Besides, Mr Carriek also a qualified Property Manager, certified by Malaysia or Board of Valuers, Appraisers, Estate Agents.

Note:-

Save as disclosed above, none of the Senior Management have:
i) Family relationship with any Director and/or substantial shareholder of the Company;
ii) Conflict of interest with the Company; and
iii) Conviction for offences (other than traffic offences) within the past 5 years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Asian Pac Holdings Berhad acknowledges the importance of practicing good corporate governance and remain committed to maintaining the principles as set out in the Malaysian Code on Corporate Governance ("**MCCG** or "**CG Code**"); in ensuring that good corporate governance practices are observed throughout the Group with integrity, transparency and professionalism to protect and enhance stakeholders' value whilst pursuing the continuous and sustainable growth of the Group.

Presently, the Board is of the view that the Company has in all material aspects satisfactorily complied with the principles and practices set out in the CG Code, except for the departures set out in the CG Report.

The Board is pleased to present this statement and explain how Asian Pac Group has applied the three (3) principles outlined in the MCCG; and this Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report which is accessible online at the Company's website, www.asianpac.com.my:

(a) Board leadership and effectiveness;
(b) Effective audit and risk management; and
(c) Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Part I – Board Responsibilities

Clear functions of the Board and Management

The Board takes cognizance of its roles and responsibilities in discharging its fiduciary duties and leadership functions. The Board together with Management has established the division of roles and functions in managing the Group. The Board is responsible for oversight and overall management of the Group, whilst the Management carries out the delegated duties to achieve the Group's corporate objective with long term strategic plans of the business.

There is a clear segregation of responsibility between the Board Members in the Group where;

- ***The Chairman*** is an Independent Non-Executive Director of the Company. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. He also acts as a facilitator of board meetings.

- ***The Managing Director*** ("**MD**") is primarily responsible for the stewardship of the Group's direction, business performance and manages the Group in accordance with the strategies and policies to ensure that the highest standard of conduct and integrity is maintained. He drives, change/innovate the growth of the Company together with the Executive Director.

- ***The Executive Director*** ("**ED**") is involved in leadership roles overseeing the day-to-day operations and management within his assigned responsibilities. He liaises frequently with the Managing Director and leads the Management to drive the Company and the Group forward.

- ***The Non-Executive Directors*** provide the necessary balance of power and authority to the Board with a mix of industry-specific knowledge and broad business and commercial experience. They ensure that all proposals by the Management are fully deliberated and examined, after taking into account the interest of shareholders and stakeholders.

Board Roles and Responsibilities

The Board recognizes the key role it plays in charting the strategic direction of the Company in discharging its fiduciary and leadership functions as set out in the Board Charter. The key responsibilities of the Board include:

(a) Reviewing and adopting a strategic plan for the Group

The Board plays an active role in the development of the Group's business strategy. It has in place an annual budget, whereby Management presents to the Board its recommended and proposed business plans for the following years and periodically reviews the performances. The Board will review and deliberate upon both its own and management perspectives, as well as challenges the Management's views and assumptions, to deliver the best outcomes. The Board approves the annual budget for the coming years including major capital commitments and capital expenditure.

(b) Overseeing the conduct of the Group's businesses

The MD and ED are responsible for the management of the business and operations of the Group; with the assistance of the Head of Department. The Board is kept informed of key strategic initiatives, significant operational issues and the Group's performance based on the annual budget. The relevant members of the Management were in attendance at Board Meetings, to support the MD and ED in presenting the updates on the progress of key initiatives, business targets and achievements to date as well as to provide clarification on the challenges and issues raised by the Board.

However, in regard to the following matters, the MD and ED will seek approval from the Board:

- Conflict of interest issues relating to a substantial shareholder or a Director;
- Material acquisitions and disposals of undertakings and properties not in the ordinary course of business;
- Material investment in capital projects;
- Annual budget (including major capital commitments); and
- Material corporate or financial exercise/restructuring.

(c) Identifying principal risks and ensuring the implementation of appropriate systems to manage the risks

Through Risk Management Working Committee ("**RMWC**"), the Board oversees the risk management framework of the Group. The RMWC advises the Audit and Risk Management Committee ("**ARMC**") and the Board on areas of high risk and the adequacy of compliance and control procedures throughout the organization.

Details of the RMWC and the Group's risk management framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

(d) Succession planning

The Board plans for MD/ED succession and oversees the identification and development of executive talent. The Board works together with the MD/ED and Human Resources Department, oversees executive officer development and corporate succession plans for the MD/ED and other executive officers to provide for continuity in senior management. The Board may review development and succession planning when the needs arise.

Training and development programs have been planned and are being implemented towards developing potential successors for Senior Management positions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

(e) Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems

The Board is ultimately responsible for the adequacy and integrity of the Group's internal control system with the assistance of in-house Internal Auditor, which reports directly to ARMC.

The roles of the Internal Auditor which amongst other are:

- to review the adequacy, integrity and effectiveness of the Group's system of risk management and internal control;
- to assess the risks of the Group including financial, operational and compliance risks;
- to perform regular and systematic review of internal controls;
- to assess on the effectiveness of the systems of internal controls;
- to highlight significant risks impacting the Group with recommendation for improvement; and
- to verify compliance with established internal policies and procedures, and applicable laws, regulations and contracts.

The ARMC regularly reviews and scrutinizes the audit report by the Internal Auditor and conducts annual assessment on the adequacy of the internal auditor's scope of work and resources. They discuss on the summary of the internal auditor's findings together with the Management's responses to ensure that Management undertakes the agreed upon remedial actions recommended by the Internal Auditor within the timelines.

The Board meets quarterly to ensure that it maintains full and effective supervision over appropriate controls. The MD/ED provides explanation to the Board on pertinent issues. In addition, the Board is kept updated on the Group's activities and its operations on a regular basis.

Code of Ethics and implementation

The Group has in place a code of ethics for Directors and employees to govern their standard of ethics and good conduct. The code of ethics for Directors described the standards of business conduct and ethical behavior for Directors in discharging and exercising their duties and responsibilities as Directors of the Company.

For employees, the code of ethics is established in the Employees Handbook which disseminates the Company's ethical corporate culture and acceptable behavior throughout the Group.

In addition, the Board had also established a Whistleblowing Policy, to provide employees/stakeholders a proper channel and guidance to raise genuine concerns, disclose any wrongdoing or misconduct, unethical behavior, malpractices, any violation of Code of Ethics, unlawful, illegal acts or failure to comply with regulatory requirements. The Board and the Management assure that the whistleblowers are kept confidential and are protected from any possible reprisals or retaliations if the disclosure is genuine.

The Code of Ethics for Directors and Whistleblowing Policy are available on the Company's website, www.asianpac.com.my.

Access to information and advice

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and for an effective discharge of the Board's responsibilities.

Notices of Board/Board Committees Meetings are sent to the Directors electronically 7 days in advance and the Board papers are made available at least 5 days before the meeting is held, except in the case of an emergency, where reasonable time would suffice. This enables the Directors to have sufficient time to solicit further explanations and/or information, where necessary, so that deliberations at the meeting are focused and constructive.

The Board papers include meeting minutes which reflects the deliberations and decisions of the Board, updates on financial, operational and corporate developments of the Group. Board papers are also presented with details on other issues that may require the Board's deliberation which inter alia, include the approval of corporate plans, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group.

The Chairman of the Board Committees namely the ARMC, Remuneration Committee and Nomination Committee, brief the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees.

The Board has unrestricted access to all information within the Group. All Directors with the Chairman's prior consent are entitled to seek independent professional advice on issues whether as a full Board or in their individual capacity where they are of the opinion that professional advice is needed after having discussions with Senior Management, External Auditors and Internal Auditor, in furtherance of their duties at the Company's expense.

Qualified and competent Company Secretaries

The Company Secretaries are suitably qualified and competent, as they are members of the professional bodies prescribed by the Minister and are qualified under Section 235(2) of the Companies Act 2016. The key roles of the Company Secretaries are to provide unhindered advice and services to the Directors, as and when the need arises to enhance the effective functioning of the Board and to ensure regulatory compliance. The Company Secretaries update the Board on any changes or amendments to the Companies Act, Bursa Securities Listing Requirements, Capital Market & Services Act and other relevant regulatory requirements. The Company Secretaries also monitor the corporate governance development and assist the Board in applying the corporate governance practice.

On a quarterly basis, the Company Secretaries serve notice to the Directors and Principal Officers to notify them of closed periods for trading in the securities of the Company in accordance with Chapter 14 of the Bursa Securities Listing Requirements.

The Company Secretaries attend all Board, Committees and General Meetings and ensure that the meetings are properly convened and that accurate and adequate records of the proceedings of the meetings and decisions made were minuted and properly kept.

The Company Secretaries constantly keep themselves abreast of the evolving capital market, regulatory changes and the development in corporate governance through attending relevant seminars, training and professional development programmes.

Board Charter

The Board Charter which outline the Board's roles and responsibilities was adopted by the Board on 25 May 2016. The Board will periodically review and update the Board Charter in accordance with the needs of the Company and new regulations that may have an impact on the discharge of the Board's responsibilities in ensuring its effectiveness and consistency with the Board's objectives.

The Board Charter was recently updated in July 2019, is available on the Company's website, www.asianpac.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

Part II - Board Composition

Composition of the Board

The Board presently consists of seven (7) members; comprising a MD, an ED, four (4) Independent Non-Executive Directors and a Non-Independent Non-Executive Director. The Board fulfills the prescribed requirements for one-third (1/3) of the membership of the Board to be Independent Directors as regulated by Bursa Securities; and the Practice 4.1 of the CG Code, at least half of the Board comprises independent directors after appointing Mr Sherman Lam Yuen Suen and Dato' Mohamed Salleh Bin Bajuri on 2 January 2019 and 1 March 2019 respectively as Independent Non-Executive Directors.

The Board is helmed by effective and experienced directors comprising individuals with caliber and credibility from diverse professional backgrounds with a wealth of experience, skills and expertise specializing in areas such as finance, corporate affairs, legal, leasing and marketing and property management. A brief profile of each Director is presented in the Directors' Profile section of this Annual Report.

Tenure of Independent Director and Shareholders' Approval for Retention of Independent Director

The tenure of Independent Directors of the Company is as follows:

	Years		
As at 31 March 2019	**1-5**	**6-11**	**>12**
Independent Non-Executive Directors	3	-	1

Practice 4.2 of the CG Code states that the tenure of an Independent Director shall not exceed a cumulative term limit of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director.

The Company does not have tenure limits for Independent Directors and the Board is of the view that the ability of an Independent Non-Executive Director to exercise his/her independence and objective judgement in Board deliberations shall not be determined solely or arbitrary by their tenure of service.

Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas ("**Tan Sri Dato' Seri Megat Najmuddin**") had served the Board for more than twelve (12) years. The Board, after considering the recommendation of the Nomination Committee, resolved to retain Tan Sri Dato' Seri Megat Najmuddin as he brings with him a wealth of knowledge and experience to the Group. In addition, he provides check and balances in Board proceedings and has retained independence of character and judgement and is able to express his view without any constraints in Board deliberations and Board Committee meetings.

In accordance to the CG Code, a resolution will be tabled in the forthcoming Annual General Meeting ("**AGM**") to retain Tan Sri Dato' Seri Megat Najmuddin as an Independent Director through a two-tier voting process as he had served the Company more than 12 years. A brief profile of Tan Sri Dato' Seri Megat Najmuddin is presented in the Profile of Directors' section of this Annual Report.

Nomination Committee

The Nomination Committee ("**NC**") established on 29 May 2002, is charged with the responsibility of, amongst others, recommending the appointment of new Directors to the Board, annual evaluation of the directors and Board Committees and recommending the retiring Director for re-election based on the Articles of Association of the Company as outlined below. The members comprise Non-Executive Directors of the Board and are guided by clearly defined terms of reference to ensure that there are appropriate procedures in place for the nomination, selection and evaluation of Directors.

Pursuant to Article 115 of the Articles of Association of the Company, one-third (1/3) of the Directors for the time being shall retire from office every year and all Directors shall retire at least once in every three (3) years. The retiring Directors shall be eligible for re-election at the AGM pursuant to Article 117 of the Articles of Association of the Company.

Pursuant to Article 123 of the Company's Articles of Association, the Directors appointed either to fill casual vacancy or in addition to the existing Directors shall hold office only until the next following AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are retire by rotation at that meeting.

During the financial year under review, the NC held two (2) meetings which were attended by all its members to review and nominate Mr Sherman Lam Yuen Suen and Dato' Mohamed Salleh Bin Bajuri as Independent Non-Executive Directors of the Company, besides conducted the annual assessment of the Board, Board Committees and individual directors. On 23 May 2019, the NC reviewed and assessed amongst others:

(i) the effectiveness of the Board as a whole, the Board Committees notably the ARMC, NC and Remuneration Committee;
(ii) the required mix of skills, experiences, other requisite qualities including core competencies and gender diversity of the Board;
(iii) the contribution and performance of each Director;
(iv) the independence of Independent Directors as well as its tenure; and
(v) recommended the retiring directors for re-election at the forthcoming AGM as below:
  - Ms Tan Siew Poh and Ms Soon Dee Hwee - pursuant to Article 115 of the Articles of Association of the Company; and
  - Mr Sherman Lam Yuen Suen and Dato' Mohamed Salleh Bin Bajuri - pursuant to Article 123 of the Articles of Association of the Company.

(vi) nominated and recommended Dato' Mohamed Salleh Bin Bajuri as Chairman of ARMC.

The aforesaid Directors had expressed their intentions to seek for re-election at the 101st AGM.

All assessments and evaluations carried out by the NC in discharging their duties are documented in the minutes of meetings.

Gender Diversity

The Board acknowledges the importance of boardroom diversity, including gender, ethnicity and age. The Group practices the selection of suitable candidates as new Board members based on the candidates' competency, knowledge, skills, experience, character, time commitment and other qualities in meeting the needs of the Group. The ultimate decision will be based on merit and contribution that the selected candidates could bring to the Board.

Currently, the Board has 29% of women participation. The Board is satisfied that the current boardroom diversity is adequate for its purpose and has the appropriate blend of gender, experience and age upon recent assessment carried out by NC.

Time Commitment

The Board is mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills. Thus, each Director is expected to commit sufficient time as and when required to carry out their responsibilities, besides attending meetings of the Board and Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

The Directors are required to update on their other directorships and shareholdings in public listed companies to the Company Secretaries so as to monitor the number of directorship held by the Directors as regulated by Bursa Securities' Listing Requirements where a Director must not hold more than five (5) directorships in public listed companies. This is to ensure the Directors' commitments in devoting sufficient time to the Company and they are able to focus and discharge their duties effectively.

Currently, all the Directors of the Company do not hold more than five (5) directorships in public listed companies including the Company.

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. All the Directors had attended more than 50% of the attendance as required by Bursa Securities Listing Requirements. During the financial year ended 31 March 2019 ("**FYE 2019**"), the Board met on five (5) occasions as follows:

(i) 28 May 2018;
(ii) 2 July 2018;
(iii) 28 August 2018;
(iv) 29 November 2018; and
(v) 25 February 2019.

The details of meeting attendance for each Director for the FYE 2019 are contained in the table below:

Name of Directors	No. Board Meetings Attended/ Held	No. ARMC Meetings Attended/ Held
Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas	5/5	5/5
Dato' Mustapha Bin Buang	5/5	-
Ms Tan Siew Poh	5/5	5/5
Dr Yu Tat Loong	5/5	-
Ms Soon Dee Hwee	5/5	5/5
Mr Sherman Lam Yuen Suen (Appointed on 2 January 2019)	1/5	1/5
Dato' Mohamed Salleh Bin Bajuri (Appointed on 1 March 2019)	-	-

In the intervals between Board Meetings, for exceptional matters requiring urgent Board decisions, the Boards' sanction are obtained via circular resolutions where sufficient information is attached to the resolution to facilitate the Board in making informed decisions.

Directors' Training

The NC oversees the training needs of its Directors and acknowledges the importance of continuous education and training in order to broaden one's perspective and to keep abreast with the current and future developments in the industry and global markets, regulatory updates as well as management strategies to enhance the Board's skills and knowledge in discharging their duties.

All Directors including newly appointed Directors, Mr Sherman Lam Yuen Suen and Dato' Mohamed Salleh Bin Bajuri had attended the Mandatory Accreditation Program prescribed by Bursa Securities. The Directors except Dato' Mohamed Salleh Bin Bajuri (as he was appointed on 1 March 2019) have also, during the financial year attended other relevant training programmes and seminars organized internally and externally. Among the programmes attended were as follows:

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

Name of Director	Title	Organizer	Date
Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas	32nd Asia Pacific Roundtable – Disruption: People, Technology, Power Security	Institute of Strategic and International Studies (ISIS) Malaysia	7-9 May 2018
	Let's Get Real on Anti-Bribery	International Centre for Leadership in Finance (Malaysia)	1 March 2019
Dato' Mustapha Bin Buang	Corporate Liability Provision	In House Training – Asian Pac Holdings Berhad	28 March 2019
Ms Tan Siew Poh	Enterprise Risk Management	CPA Australia (M) Sdn Bhd	8 October 2018
	Anti-Corruption Summit 2018 – Good Governance and Integrity for Sustainable Business Growth	Aram Global Sdn Bhd	30 October 2018
	2018 Good Governance and Integrity Conference – Corporate Liability Law: Liability Risks for Directors and Senior Officers	Malaysian Integrity Academy	22 November 2018
	Taxation of Companies: Challenges, opportunities, and the latest amendments	CPA Australia (M) Sdn Bhd	26 November 2018
	Corporate Liability Provision	In House Training – South Malaysia Industries Berhad	28 March 2019
Dr Yu Tat Loong	Sabah regional training and education related to shopping mall	Malaysia Shopping Malls Association	19 May 2018
	ISO 9001:2015 & 14001: 2015 – Awareness Training	In House Training – Asian Pac Parksafe Sdn Bhd	3 September 2018
	ISO 9001:2015 & 14001: 2015 – Analysis & Interpretation Training	In House Training – Asian Pac Parksafe Sdn Bhd	7-9 November 2018
Ms Soon Dee Hwee	Artificial Intelligence and The Future of Accountants	Malaysia of Institute of Accountants -ICAEW	10 April 2018
	Tax Audit & Investigation Workshop Chapter 2	Deloitte Tax Services Sdn Bhd	12 April 2018
	Global Business Insight Series – Getting More Out of Digital Marketing	Securities Commission Malaysia	4 September 2018
	FINTECH: Disruption to be Embraced?	FIDE Forum	26 November 2018
	Companies of the Future: The Role for the Boards	Institute of Corporate Directors Malaysia	4 December 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

Name of Director	Title	Organizer	Date
Ms Soon Dee Hwee	Non-Financials – Does it matter?	Bursa Malaysia Securities Berhad	5 December 2018
	Ring the Bell for Gender Equality 2019	Bursa Malaysia Securities Berhad	14 March 2019
	Corporate Liability Provision	In House Training – Asian Pac Holdings Berhad	28 March 2019
Mr Sherman Lam Yuen Suen	Corporate Liability Provision	In House Training – Asian Pac Holdings Berhad	28 March 2019

All Directors are also provided with updates from time to time in areas such as corporate governance practices, relevant legislation and regulations. The Company Secretaries have periodically informed the Directors' of the availability of appropriate courses, conferences, seminars and the Directors are encouraged to attend such training at the Company's expenses.

Part III – Remuneration

Remuneration Committee ("RC")

Composition of RC

Currently, the RC consists entirely of three (3) Non-Executive Directors, majority of whom are Independent Directors.

Policy and Procedures

The main objective of the remuneration policy is to attract, retain and motivate Directors required to lead and control the Group effectively. The Board, as a whole, determines the remuneration of the Directors and the individual Director is required to abstain from participating in the discussion of their own remuneration. The Board had also empowered the Managing Director to review the performance and remuneration packages of senior management.

The remuneration package of the each individual Executive Director is structured to reflect his experience, performance and scope of responsibilities. Only the MD has a contract of service which is reviewed every three (3) years. The remuneration of Non-Executive Directors consist of fixed fees and meeting allowance which are subject to the approval of the shareholders at the AGM. The Chairman of the Board receives higher fees taking into account the nature of his responsibilities.

There was no meeting held during financial under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

Directors' Remuneration

The aggregate Directors' Remuneration paid or payable by the Company and the Group for the FYE 2019 are categorized into the following components:

Company

	Fees RM'000	Salaries & other emoluments RM'000	Bonus RM'000	Meeting Allowance RM'000	Total RM'000
Executive Directors					
Dato' Mustapha Bin Buang	-	1,628	301	-	1,929
Dr. Yu Tat Loong	-	-	-	-	-
Non-Executive Directors					
Tan Sri Dato' Seri Hj. Megat Najmuddin Bin Datuk Seri Dr Hj. Megat Khas	-	-	-	-	-
Ms Tan Siew Poh	60	-	-	5	65
Ms Soon Dee Hwee	60	-	-	5	65
Mr Sherman Lam Yuen Suen	15	-	-	1	16
Dato' Mohamed Salleh Bin Bajuri*	-	-	-	-	-
Total	**135**	**1,628**	**301**	**11**	**2,075**

Group

	Fees RM'000	Salaries & other emoluments RM'000	Bonus RM'000	Meeting Allowance RM'000	Total RM'000
Executive Directors					
Dato' Mustapha Bin Buang	-	1,628	301	-	1,929
Dr. Yu Tat Loong	-	470	100	-	570
Non-Executive Directors					
Tan Sri Dato' Seri Hj. Megat Najmuddin Bin Datuk Seri Dr Hj. Megat Khas	144	-	-	5	149
Ms Tan Siew Poh	60	-	-	5	65
Ms Soon Dee Hwee	60	-	-	5	65
Mr Sherman Lam Yuen Suen	15	-	-	1	16
Dato' Mohamed Salleh Bin Bajuri*	-	-	-	-	-
Total	**279**	**2,098**	**401**	**16**	**2,794**

* Dato' Mohamed Salleh Bin Bajuri was appointed as Independent Non-Executive Director on 1 March 2019 was not paid yet.

The number of Directors' Remuneration falls into the following band:

Range of Remuneration	Managing/ Executive Directors	Non-Executive Directors
Below RM50,000	-	2
RM50,001-RM100,000	-	2
RM100,001 - RM150,000	-	1
RM550,001 – RM600,000	1	-
RM1,500,001 - RM2,000,000	1	-

Top 5 Senior Management's Remuneration

The remuneration of the top 5 Senior Management (including salary, bonus and allowances) in each successive bands of RM50,000 during the FYE 2019, are as follows:

Range of Remuneration	Top 5 Senior Management
RM200,001 – RM250,000	1
RM350,001 – RM400,000	1
RM400,001 – RM450,000	1
RM450,001 – RM500,000	1
RM500,001 – RM550,000	1

For the purposes of security and to avoid poaching by other organizations, the Board has chosen to disclose the remuneration of the top 5 Senior Management in bands instead of named basis as the Board is of the opinion that such information will not add value and understanding towards the evaluation of the Company's standard of Corporate Governance.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I - Audit Committee

Composition of ARMC

With the appointment of Dato' Mohamed Salleh bin Bajuri to the Board as well as a member of ARMC on 1 March 2019, the ARMC comprises five (5) members, all of whom are Non-Executive Directors, of which four (4) are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. As a good governance and in line with the Practice 8.1 of the MCCG whereby the Chairman of the Board should not be the Chairman of the Audit Committee. Accordingly, the Board had vide its NC's recommendation, approved the re-designation of Dato' Mohamed Salleh Bin Bajuri as the Chairman of ARMC effective from 23 May 2019.

The Company fulfills the prescribed requirements of Paragraph 15.09(1)(c) and Paragraph 7.1(a) of Practice Note 13 of Main Market Listing Requirements which stated that:

Paragraph 15.09(1)(c) - at least 1 member of the ARMC shall be the member of Malaysian Institute of Accountants ("**MIA**"); and

Paragraph 7.1(a) of Practice Note 13 - any member of the ARMC holds a degree/master/doctorate in accounting or finance; or admitted as a full member of International Federation of Accountants.

The Chairman of ARMC, Ms Soon Dee Hwee and Ms Tan Siew Poh are the members of MIA; and Mr Sherman Lam Yuen Suen meets the requisite qualifications of Paragraph 7.1(a) of Practice Note 13.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

The composition, authority as well as duties and responsibilities are set out in the terms of reference of ARMC and are published in the company website, www.asianpac.com.my. The works of the ARMC during the year have been summarized on page 60 of the ARMC Report.

Assessment of Suitability and Independence of External Auditors

For the FYE 2019, the ARMC has assessed the suitability and independence of the External Auditors vide an annual assessment of the suitability and independence of the External Auditors of the Company. In its assessment, the ARMC considered, inter alia, the following factors:

For "Suitability" of the External Auditors ("**EA**"):

- The EA has the adequate resource, skills, knowledge and experience to perform their duties with professional competence and due care in accordance with the approved professional auditing standards and the applicable regulatory and legal requirements;
- To the knowledge of the ARMC, the EA does not have any record of disciplinary actions taken against with unprofessional conduct by the MIA which has not been reversed by the Disciplinary Board of MIA;
- The external audit firm has the geographical coverage required to audit the group;
- The EA advise the ARMC on significant issues and new developments pertaining to risk management, corporate governance, financial reporting standards and internal controls on a timely basis;
- The level of quality control procedures in the external audit firm, including the audit review procedures; and
- The external audit scope is adequate to cover the key financial and operational risks of the Group.

For "Independence" of the EA:

- The engagement partner has not served for a continuous period of more than five (5) years with the Company; and
- The EA confirmed that they are independent throughout the conduct of the audit and remain in compliance with the By-Laws of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants' independence requirements.

Upon completion of the said assessment, the ARMC was satisfied with their performance, technical competency and fulfilment of criteria of independence and recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the forthcoming 101st AGM of the Company.

The ARMC meets with the External Auditors at least twice a year to review the scope and discuss their audit plan, audit findings and the Company's financial statements. Other Board members also attend meetings upon the invitation of the ARMC. The External Auditors will meet the ARMC without the presence of other directors and senior management at least once a year to allow the ARMC and the External Auditors to exchange independent views or matters which require the ARMC's attention. In addition, the External Auditors are invited to attend the Company's AGM and are available to answer any questions from the shareholders.

Part II -Risk Management and Internal Control Framework

Sound Risk Management Framework

The Group has adopted the Risk Management Framework which sets out its risk management strategy, risk structure, risk assessment processes, risk communication and risk monitoring and review.

Recognizing the importance of having risk management processes and practices, the Board has delegated its role in risk management to RMWC to take charge of the operational risk of the Group. The ARMC comprises Head of respective Departments of the Group and led by the Financial Controller. The RMWC oversees, identifies, evaluates, controls, monitors and reports on the critical risks faced by the Group on an on-going basis, including remedial measures to be taken to address the risks vis-à-vis the risk parameters of the Group to ARMC. The Chairman of the RMWC reports to the ARMC and brief the Board on its activities and findings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

During the financial year under review, there were four (4) RMWC Meetings held. A summary of material risks that could affect the Group (including any material exposure to economic, environmental and social sustainability risks) are monitored for changes and are reported to the ARMC and the Board during the course of the year, along with related controls and action plans.

Internal Audit Function

The Group's internal audit function is carried out by the Internal Audit Department, which the Head of Internal Audit reports directly to the ARMC on its activities based on the approved internal audit plan. The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively.

All internal audits are guided by the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors, a globally recognized professional body for internal auditors.

The Board is of the view that the system of internal control and risk management in place during the year, is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments and the interests of customers, regulators, employees and other stakeholders. The details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control on pages 63 to 65 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Part I - Communication with Stakeholders

Investor Relations and Shareholders Communication

The Company strives to maintain an open and transparent channel of communication with its stakeholders. The Company believes that a constructive and effective investor relationship is an essential factor in enhancing value for its shareholders.

The Company's website is the key communication channel for the Company to reach its shareholders and general public. Through the Company's website www.asianpac.com.my, the Investor Relations section enhances the investor relation function by including all the announcements made by the Company, financial results, annual reports, corporate calendar as well as shares information.

The shareholders and general public may direct any queries on the Company via email (www.query@asianpac.com.my) or write to the Senior Independent Non-Executive Director, Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas at 12th Floor, Menara SMI, No. 6, Lorong P. Ramlee, 50250 Kuala Lumpur who was designated by the Company to receive and deal with shareholders' queries.

Part II - Conduct of General Meetings

AGM

The AGM is the principal forum for dialogue with shareholders which provides opportunity for the shareholders to enquire and seek clarification on the operational and financial performance as well as the latest development of the Company.

The Annual Report containing Audited Financial Statements including Notice of AGM accompanying proxy form are sent to the shareholders at least 28 days before the AGM, which is in line with CG practice. The Notice is also advertised in the press and released via Bursa Link.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

All the Directors together with the senior management as well as the external auditors were present at the last AGM, which provide an opportunity for the shareholders to question Directors in person. It has always been the practice for the Chairman to provide ample time for the Q&A sessions in the AGMs and for suggestions and comments by the shareholders to be noted by the management for consideration.

In line with the Paragraph 8.29A of the Main Market Listing Requirements, the Company has implemented and continues to implement poll voting for all proposed resolutions set out in the notice of general meetings. A poll administrator and independent scrutineer are appointed to verify the results of the poll at any general meeting of the Company.

The poll results will also be announced to Bursa Securities via Bursa LINK on the same day for benefit of all the shareholders. The key matters discussed at the AGM was also published at the Company's website at www.asianpac.com.my as soon as practicable after the conclusion of the AGM.

Directors' Responsibility Statement in respect of the preparation of annual audited financial statements

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results of the operations, changes in equity and cash flows of the Group and of the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements accordingly.

The Directors are also responsible for ensuring that proper accounting records are kept and disclosed with reasonable accuracy at any time on the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors have also taken necessary steps to ensure appropriate systems are in place to safeguard the assets of the Group, to prevent and detect fraud as well as other irregularities.

In respect of the financial statements for the FYE 2019, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensure that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

This statement is reviewed and approved by the Board of Directors' Meeting held on 1 July 2019.

ADDITIONAL COMPLIANCE INFORMATION

Utilization of Proceeds from Corporate Proposal

The Company had raised RM99,256,461 cash ("Proceeds") via its Renounceable Rights Issue of up to RM99,256,461 nominal value of 5-year 3% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at 100% of its nominal value of RM1.00 each in Asian Pac Holdings Berhad ("Asian Pac") on the basis of 1 ICULS for every 10 existing ordinary shares in Asian Pac, together with up to 198,512,922 free new detachable warrants ("Warrant") on the basis of 2 Warrants for each ICULS subscribed ("Rights Issue"). The Rights Issue exercise was completed on 31 May 2017.

The utilization of Proceeds as at 28 May 2019 were as follows:

Purpose	Allocation RM'000	Utilization RM'000	Re-allocation RM'000	Balance Unutilized RM'000	Intended timeframe for utilization from completed date
Acquisition of new land	62,550	(62,550)	-	-	Within 24 months
Working capital	10,006	(10,367)	361	-	Within 9 months (Extended another 15 months)
Repayment of bank borrowings	25,000	(25,000)	-	-	Within 3 months
Payment of expenses in connection with corporate exercise	1,700	(1,339)	(361)	-	Within 3 months
Total	**99,256**	**(99,256)**	**-**	**-**	

The exemption granted to Mr. Mah Sau Cheong and person acting in concert with him namely, Chin Lai Kuen ("PAC") from the obligation to undertake a mandatory take-over offer for all the ordinary Asian Pac shares, convertible securities and new Asian Pac shares to be issued pursuant to the conversion of ICULS and/or the exercise of the Warrants not held by Mr. Mah Sau Cheong or his PAC ("Exemption")

Pursuant to the Malaysian Code on Take-Overs and Mergers 2016 and the Rules on Take-Overs, Mergers and Compulsory Acquisitions, the Company would like to disclose the following:

1. **The details of the Exemption granted, including the duration for which the Exemption has been granted.**

   On 26 January 2017, Mr. Mah Sau Cheong and his spouse, Ms. Chin Lai Kuen had submitted an application to the Securities Commission ("SC") for the Exemption from the obligation to undertake a mandatory take-over offer for all the ordinary shares of RM0.20 each in Asian Pac, convertible securities and new Asian Pac Shares to be issued pursuant to the conversion of ICULS and/or the exercise of the Warrants not held by Mr. Mah Sau Cheong and his spouse, Ms. Chin Lai Kuen, pursuant to Section 219 of the Capital Market and Services Act 2007 ("CMSA") and Paragraph 4.08 (1)(C) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions issued on 15 August 2016.

   On 14 February 2017, the SC had granted the approval on the Exemption and the duration for the Exemption granted is from 26 May 2017 to 25 May 2022.

ADDITIONAL COMPLIANCE INFORMATION
(CONT'D)

2. **The number and percentage of voting shares or voting rights and the conversion or subscription rights or options in Asian Pac held by Mr. Mah Sau Cheong and Ms. Chin Lai Kuen as at latest practicable date prior to the disclosure are as below:**

	As at 28 June 2019			
	No. of Asian Pac Shares	%	No. of ICULS	No. of Warrants
Mr Mah Sau Cheong	182,068,669	17.56	RM58,800,411	117,600,822
Ms Chin Lai Kuen	5,260,000	0.51	-	-
Total	**187,328,669**	**18.07**	**RM58,800,411**	**117,600,822**

3. **The maximum potential voting shares or voting rights of Mr. Mah Sau Cheong and Ms. Chin Lai Kuen in Asian Pac, if only Mr. Mah Sau Cheong and Ms. Chin Lai Kuen (but not other holders) exercise the conversion or subscription rights or options in full are as below:**

	Maximum Potential	
	No. of Asian Pac Shares	%
Mr Mah Sau Cheong	593,671,546	36.96
Ms Chin Lai Kuen	5,260,000	0.33
Total	**598,931,546**	**37.29**

Material Contracts Involving Directors', Chief Executive or Major Shareholders' Interest

The Company and its subsidiaries did not enter into any material contracts which involved the interests of the Directors, Chief Executive who is not a Director or major shareholders during the financial year.

Audit and Non-Audit Fees

Details of audit and non-audit fees incurred for services rendered by the External Auditors during the financial year are as follows:

	Group RM	Company RM
Audit Fees	344,650	62,000
Non-Audit Fees	44,000	44,000

This non-audit fees covers the reviews of (i) Statement of Risk Management and Internal Control (ii) the acquisition accounting of subsidiary, Harmoni Bumiria Sdn Bhd under MFRS 3 (Purchase Price Allocation) and (iii) the adoption of MFRS Framework for MFRS 9 and 15 including its impact.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION

The Audit and Risk Management Committee ("ARMC") comprises five (5) members, all of whom are Non-Executive Directors, four (4) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. The members are as follow:

Chairman	
Dato' Mohamed Salleh Bin Bajuri (Appointed as Chairman on 23 March 2019)	Independent Non-Executive Director
Members	
Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas	Independent Non-Executive Director
Ms Soon Dee Hwee	Independent Non-Executive Director
Mr Sherman Lam Yuen Suen	Independent Non-Executive Director
Ms Tan Siew Poh	Non-Independent Non-Executive Director

Dato' Salleh, Ms Soon and Ms Tan are members of Malaysia Institute of Accountants; and Mr Sherman Lam holds a Master degree in Business Administration (Finance) and a fellow membership of Institute of Public Accountants, Australia which is full member of International Federation of Accountants. Accordingly, the Company complies with paragraph 15.09(1)(c) and Paragraph 7.1(a) of Practice Note 13 of the Main Market Listing Requirements ("MMLR") respectively.

The term of office and performance of the ARMC are reviewed by the Nomination Committee annually to determine whether the ARMC and its members have carried out their duties in accordance with their terms of reference.

ATTENDANCE

During the financial year, the ARMC convened five (5) meetings which were attended by all members except for the newly appointed members, Dato' Salleh (none) and Mr Sherman Lam (1 meeting). These meetings were also attended by the Internal Auditor, Group Accountant and the Financial Controller. The details of the members' attendance records are shown in the Corporate Governance Overview Statement.

MEETINGS AND MINUTES

In assisting the Board to effectively discharge its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls, ARMC meetings are held not less than four (4) times a year and are also attended by Managing Director and Executive Director, representatives from Finance Department and Head of Internal Audit. The External Auditors, Ernst & Young ("**EY**") were invited to attend two (2) meetings where their audit plan including areas of concern and matters related to audit were presented to the ARMC for review and recommendation for the Board's approval and adoption.

The Chairman of the ARMC would engage on a continuous basis with the senior managements in order to be kept informed of matters affecting the Group.

Minutes of each ARMC meetings were recorded and tabled for confirmation at the next ARMC meeting. The Chairman of ARMC will report key issues deliberated at each Board Meeting.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

SUMMARY OF WORKS

Pursuant to the terms of reference of the ARMC, the following activities were carried out by the Committee during the financial year ended 31 March 2019 ("**FYE 2019**") in the discharge of its duties and responsibilities:-

i) Financial Reporting

The ARMC had reviewed the Group's unaudited quarterly financial results for the first, second, third and fourth quarter of the FYE 2019 on 28 August 2018, 29 November 2018, 25 February 2019 and 23 May 2019 respectively. On 1 July 2019, the ARMC reviewed the annual audited financial statements for FYE 2019.

The abovementioned unaudited quarterly financial results were prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and Paragraph 9.22 of the MMLR. The ARMC confirmed that:

(a) appropriate accounting policies had been adopted and applied consistently;
(b) the going concern basis applied in the Audited Financial Statements and Condensed Consolidated Financial Statements was appropriate;
(c) prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs;
(d) adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs and MMLR;
(e) no significant issues arising from the audit that needed judgement by the Management as well as unusual events or transactions to be addressed; and
(f) the Audited Financial Statements and Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and the respective companies within the Group for FYE 2019.

The ARMC recommended the above mentioned unaudited quarterly financial results and annual audited financial statements during the respective Board Meetings for approval and to be released to Bursa Securities.

ii) External Auditors

On 25 February 2019, the ARMC reviewed the 2019 Audit Plan, presented by EY which amongst others, contained the detailed terms of the EY's responsibilities and the affirmation of their independence as External Auditors, the engagement team, risk assessment, areas of audit emphasis for the financial year.

On 1 July 2019, EY had presented the audit report pertaining to the matters arising from the audit for the FYE 2019 to ARMC as follows:

a) EY had completed their audit in accordance with their Audit Plan 2019;
b) During the course of 2019 audit, EY has not identified any matters relating to risks of material misstatements of the financial statements due to fraud to report to ARMC;
c) Discussed Key Audit Matters with the Management and the disclosure thereof in the Auditors' Report for the FYE 2019;
d) The review of the Statement of Risk Management and Internal Control to be included in the Annual Report and its corresponding fees;
e) Reviewed EY's independence to act as the Company's external auditors in accordance with the independent requirements set out in the Bye-Laws (On Professional Ethics, Conduct and Practice) for the Professional Accountants of Malaysian Institute of Accountants; and
f) EY would issue an unqualified opinion on the financial statements of the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

After having deliberated on the finalized Audited Financial Statements for the FYE 2019, the ARMC recommended the same to the Board for approval.

The ARMC had on the same day held a private meeting with EY without the presence of the Management. ARMC was informed that EY had received full cooperation from Finance Department during the course of audit.

The ARMC also recommended the re-appointment of EY to the Board after reviewing their performance, technical competency and fulfilment of criteria of independence.

iii) Internal Audit

The ARMC had on 23 May 2019 reviewed and approved the Internal Audit Plan for the financial year ending 31 March 2020 to ensure adequacy of scope, coverage and resources required to perform audits for the identified auditable areas.

The Internal Auditor had on 28 May 2018, 28 August 2018, 29 November 2018 and 25 February 2019 presented the Internal Audit Reports and Internal Audit Progress Reports on the following departments:

a) Project;
b) Human Resource;
c) Administration;
d) Sales & Marketing;
e) Sales Administration;
f) Leasing
g) Marketing Communications;
h) Car Park Management;
i) Information Technology;
j) Engineering & Maintenance;
k) Security;
l) Tenant and Customer Maintenance;
m) Business Development;
n) Public Liaison;
o) Creative Design;
p) Special audits on (i) Project Department to determine reliability of the reported site progress rates and (ii) risk exposure of completed projects.

The ARMC reviewed the Internal Audit Reports prepared by the Internal Audit Department which highlighted the audit issues and recommendations as well as the Management's responses thereto. ARMC also discussed with the Management on actions to be taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports. The ARMC also monitored and reviewed the progress of the agreed corrective actions on audit findings to ensure all audit issues are resolved within the agreed stipulated period.

iv) Related Party Transactions

Related party transactions entered into by the Company and its subsidiaries on a quarterly basis, covering the nature and amount of the transactions were reviewed. This is to ensure that related party transactions are undertaken on an arm's length basis, on normal commercial terms and on terms that are not more favourable to the related parties than those generally available to the non-related parties.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

v) Risk Management

The Group had approved the Revised Risk Management Framework on 25 May 2016. The Risk Management Framework encompasses risk assessment, communication and consulting, risk monitoring and risk review.

The ARMC had reviewed the risk registers for all the divisions of the Group through the meetings held quarterly where the ARMC provided guidance on the action plans to address the identified risks and reported to the Board thereon.

Further details of the risk management are provided in the Statement of Risk Management and Internal Control.

vi) Others

The Statement on Risk Management and Internal Control for publication in the Company's Annual Report was also reviewed by ARMC.

INTERNAL AUDIT FUNCTION/ACTIVITIES

The Group's internal audit function is performed in-house. The Internal Audit Department ("**IAD**") of the Group was established to assist the Board of Directors and the ARMC in discharging their duties and responsibilities. The IAD undertakes its functions based on the annual internal audit plan that is reviewed and approved by the ARMC, and it is the responsibilities of the IAD to provide the ARMC with independent and objective reports on the state of internal controls of various business operating units within the Group and the extent of its compliance with the Group's policies and procedures as well as relevant statutory requirements.

During the financial year, the following activities were carried out by the IAD:

- Prepared annual internal audit plan for FYE 2019 for the ARMC's approval.
- Completed twenty-three (23) audit assignments, comprising fifteen (15) fresh audits, four (4) follow-up audits and three (3) special audits.
- Recommended improvement opportunities arising from the completed audits.
- Reviewed related party transactions entered into by the Company and its subsidiaries on a quarterly basis.
- Drafted the Statement on Risk Management and Internal Control before forwarding to EY for review.

The total cost incurred from the internal audit function in respect of the FYE 2019 was RM365,657.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets. Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad, the principles, practices and guidance relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance issued by Securities Commission on 26 April 2017 and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board is pleased to present the following statement with respect to the state of risk management and internal control of the Group for the current financial year ended 31 March 2019.

BOARD RESPONSIBILITY

The Board is responsible for overseeing the Group's risk management and system of internal controls to safeguard shareholders' investment and the Group's assets, as well as reviewing their integrity, adequacy and effectiveness.

In line with the Board's responsibilities, the Board has implemented an effective framework for identifying, assessing, managing and monitoring key business risks. The Board has also put in place a sound system of internal control of the Group, which is detailed under the sub header of Internal Control below.

Due to limitations inherent in any system of risk management and internal control, these systems are designed to manage rather than eliminate, the respective inherent risks that exist in achieving the Group's business objectives. Therefore, such systems of risk management and internal control can only provide reasonable, and not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT

The Board recognises the importance of identifying and managing principal risks of the Group's daily operations and that the identification and management of such risks will affect the achievement of the Group's corporate objectives.

As part of the integral process of risk management, the Group's risk management framework is structured in which the existence of significant risks of the Group have been identified, assessed and managed on an ongoing basis.

INTERNAL AUDIT FUNCTION

The ARMC evaluates the internal audit function to assess its effectiveness in the discharge of its responsibilities. Observations from these audits, especially on areas where material internal control deficiencies or lapses have been noted, are presented together with Management's proposed action plans and implementation timelines, to the ARMC for its review. The internal audit function also follows up and reports to the ARMC on the status of implementation of the action plans by Management.

Further details of the activities of the internal audit function are provided in the Audit and Risk Management Committee Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

INTERNAL CONTROL

The key elements of the Group's system of internal controls are described below:

a) The Group has in place an organisation structure with proper segregation of duties and reporting procedures and authorisation limits and all heads of departments are accountable for ensuring the effective implementation of established policies and procedures.

b) The Board meets regularly to monitor and review the overall performance of the Group, to consider the findings and recommendations of committees and senior management and to consider and approve measures to be taken and changes in policies and procedures necessary to address risks and to enhance the system of internal control.

c) The Group has established three lines of defense in managing risks routinely on a daily basis in the following manner:

   - First line of defense by Management and employees
   - Second line of defense by the oversight functions
   - Third line of defense by the internal auditors

d) An independent internal audit department reports directly to the ARMC on the adequacy of the Group's system of internal controls and to provide reasonable assurance on the effectiveness of the Group's system of internal controls including compliance with policies and procedures. The internal auditors also carried out follow-up reviews on the previous audit reports to ensure that appropriate actions have been implemented to address control weaknesses highlighted.

e) The Group has in place a management reporting mechanism whereby financial information is generated and reviewed by management and the Board on a regular basis. Performance and results are monitored on a monthly basis against the results of corresponding period of prior year, with major variances explained.

f) The Group Managing Director meets with the senior management regularly to review and resolve key operational, financial, personnel and other key management issues, including issues of risks and internal controls. Significant issues are tabled at Board meetings.

g) The Group Managing Director meets with the senior management regularly to conduct credit reviews, monitor receivables, progress of legal cases and formulates credit procedures and policies.

h) Employee training and development programs are conducted to enhance and improve employee competencies and proficiencies. This is implemented through a combination of on-the-job training, in-house training programs and external training courses.

i) Formal job descriptions with key performance indicators have been established for all employees.

j) The Group has in place Employee Handbook and Code of Ethics for directors to set the ethical standards for all employees and directors in their dealings with among others fellow employees, customers, shareholders, suppliers, authorities and the community.

k) The whistle-blowing policy published in the Group's website www.asianpac.com.my/Corporate Governance/ is a commitment of the Board to integrity and ethical behaviour. The policy sets out the procedures for employees and the general public to disclose improper conduct within the Group without fear and favour.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

This statement is reviewed and approved by the Board of Directors in the meeting dated 1 July 2019. As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this statement. The external auditors have reviewed this statement pursuant to the scope set out in the Audit and Assurance Practice Guide 3 (Revised 2015), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants.

Based on procedures performed and evidence obtained, the external auditors have reported to the Board that nothing had come to their attention that caused them to believe that this statement intended to be included in the Annual Report of the Group in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

CONCLUSION

Based on the processes set out above, the Board is of the view that the Group's system of risk management and internal control are adequate and effective to safeguard the shareholders' investment and the Group's assets and has received assurance from the Managing Director, Executive Director and Financial Controller in this respect. In the financial year under review and up to the date of approval of this statement, it has not resulted in any material losses, contingencies or uncertainties that would require a disclosure in this Annual Report.

The Board and Management are committed towards operating a sound system of internal control and will continue to take pertinent measures to sustain and, where required, to improve the Group's systems of risk management and internal control in meeting the Group's strategic objectives or updated in line with changes in the operating environment.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

Principal activities

The Company is principally involved in the holding of securities for investment purposes, provision of management services and trading of building materials.

The principal activities of the subsidiaries and associate are disclosed in Notes 7 and 8 to the financial statements respectively.

Results

	Group RM'000	Company RM'000
Profit for the year	52,684	631
Profit attributable to:		
Owners of the parent	52,686	631
Non-controlling interests	(2)	-
	52,684	631

There was no material transfer to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

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

The Directors do not recommend the payment of any dividend in respect of the current financial year.

Directors

The Directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas*	
Dato' Mustapha bin Buang*	
Tan Siew Poh	
Dr. Yu Tat Loong*	
Soon Dee Hwee	
Sherman Lam Yuen Suen	(Appointed on 2 January 2019)
Dato' Mohamed Salleh bin Bajuri	(Appointed on 1 March 2019)

* These Directors are also directors of the Company's subsidiaries.

DIRECTORS' REPORT
(CONT'D)

Directors (cont'd)

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are:

Mah Sau Cheong
Mah Siew Hoon
Lokman Bin Zakaria
Abdul Molok bin Abu Bakar

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and warrants issued by Asian Pac Holdings Berhad ("APHB") as disclosed in Note 14 to the financial statements.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company and related corporations as shown in Note 23 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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, except as disclosed in Note 32 to the financial statements.

Directors' interests

According to the register of Directors' shareholdings, the interests of Directors of the Company in office at the end of the financial year in shares, ICULS and warrants of the Company and its related corporations were as follows:

	I------------ Number of APHB ordinary shares ------------I			
	1 April 2018	Acquired	Sold	31 March 2019
Direct interest:				
Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas	194,800	-	-	194,800
Dato' Mustapha bin Buang	32,850,985	-	-	32,850,985
Dato' Mohamed Salleh bin Bajuri	500,000	-	-	500,000
Tan Siew Poh	2,188	-	-	2,188
Indirect interest:				
Dato' Mustapha bin Buang*	800,000	-	-	800,000

* Deemed interested through the shares held by his spouse.

DIRECTORS' REPORT
(CONT'D)

Directors' interests (cont'd)

According to the register of Directors' shareholdings, the interests of Directors of the Company in office at the end of the financial year in shares, ICULS and warrants of the Company and its related corporations were as follows (cont'd):

	I----------------- Number of APHB ICULS		-------------------I	
	1 April 2018	Subscribed	Converted/ Sold	31 March 2019
Direct interest:				
Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas	20,000	-	-	20,000
Dato' Mustapha bin Buang	313,650	-	-	313,650
Dato' Mohamed Salleh bin Bajuri	50,000	-	-	50,000
Tan Siew Poh	1,000	-	-	1,000
Indirect interest:				
Dato' Mustapha bin Buang*	1,000	-	-	1,000

* Deemed interested through the shares held by his spouse.

	I---------------- Number of APHB warrants		-----------------I	
	1 April 2018	Allotted	Exercised/ Sold	31 March 2019
Direct interest:				
Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas	40,000	-	-	40,000
Dato' Mustapha bin Buang	627,300	-	-	627,300
Dato' Mohamed Salleh bin Bajuri	100,000	-	-	100,000
Tan Siew Poh	2,000	-	-	2,000
Indirect interest:				
Dato' Mustapha bin Buang*	2,000	-	-	2,000

* Deemed interested through the shares held by his spouse.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares, ICULS and warrants of the Company and its related corporations during the financial year.

DIRECTORS' REPORT
(CONT'D)

Indemnity and insurance for directors and officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director or officer of the Group and of the Company.

Issue of shares and debentures

During the financial year, the Company increased its issued and paid-up share capital from RM209,943,230 to RM210,976,630 as a result of the conversion of 1,033,400 RM1.00 nominal value 5-year 3% ICULS into 5,167,000 new ordinary shares on the basis of one RM1.00 nominal value of ICULS for five new ordinary shares of the Company.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

Right issue of ICULS with warrants

On 26 May 2017, a total of 99,256,461 RM1.00 nominal value 5-year 3% ICULS have been issued and alloted to the shareholders on the basis of one ICULS for every ten ordinary shares of the Company, together with 198,512,922 free new detachable warrants on the basis of two warrants for each ICULS subscribed.

The warrants were constituted by a Deed Poll dated 10 April 2017. The warrants were listed on the Main Market of the Bursa Malaysia Securities Berhad on 31 May 2017 and confer the right to holders at any time, not later than maturity date of 25 May 2022, to subscribe for one new ordinary share of the Company for every warrant at an exercise price of RM0.25 per share or as adjusted in certain circumstances as set out in the Deed constituting the warrants. Any warrants not exercised by the date of maturity will thereafter lapse and cease to be valid for any purpose.

The movements of ICULS and warrants during the financial year were as follows:

	Number of APHB ICULS			
	1 April 2018	Issued	Converted	31 March 2019
ICULS	91,377,361	-	(1,033,400)	90,343,961

	Number of APHB warrants			
	1 April 2018	Issued	Exercised	31 March 2019
Warrants	198,512,922	-	-	198,512,922

DIRECTORS' REPORT
(CONT'D)

Other statutory information

(a) Before the statements of financial position, statements of profit or loss and statements of other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper 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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

(e) As 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; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

(i) no contingent or other liability 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 when they fall due; 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 or of the Company for the financial year in which this report is made.

DIRECTORS' REPORT
(CONT'D)

Significant events

Significant events are disclosed in Note 31 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young	345	62

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the financial year ended 31 March 2019.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 9 July 2019.

Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas
Chairman

Dato' Mustapha bin Buang
Managing Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas and Dato' Mustapha bin Buang, being two of the Directors of Asian Pac Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 80 to 181 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 9 July 2019.

Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas
Chairman

Dato' Mustapha bin Buang
Managing Director

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Wong Yee Kean, being the officer primarily responsible for the financial management of Asian Pac Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 80 to 181 are in my opinion 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.

Subscribed and solemnly declared by
the abovenamed Wong Yee Kean at
Kuala Lumpur in the Federal Territory
on 9 July 2019

Wong Yee Kean
MIA 18594

Before me,
No. W538
Woon Mee Chin
Commission for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASIAN PAC HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Asian Pac Holdings Berhad and its subsidiaries, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 80 to 181.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

(a) Valuation of investment properties
(Refer to Note 2.4(g), Note 2.5(b)(i) and Note 5 to the financial statements)

As at 31 March 2019, the carrying value of the Group's investment properties carried at fair value amounted to approximately RM1.32 billion which represents 77% of the Group's total assets.

The Group adopts fair value model for its investment properties. When estimating the fair value of investment properties, the objective is to estimate the price that would be received from the sale of the investment property in an orderly transaction between market participants at the reporting date under current market conditions.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASIAN PAC HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)
(CONT'D)

Key audit matters (cont'd)

(a) Valuation of investment properties (cont'd)

The valuation of the investment properties is significant to our audit due to their magnitude, complex valuation method and high dependency on a range of estimates (amongst others, rental income data, yield rate and discount rate) which are based on current and future market or economic conditions. The Group had engaged independent valuers to determine the fair value of the investment properties at the reporting date.

Our audit procedures focused on the valuations performed by firms of independent valuers, which included amongst others the following procedures:

- We considered the objectivity, independence and expertise of the independent valuers;
- We obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;
- As part of our evaluations of the fair values of investment properties, we had discussed the valuation with the independent valuers to obtain an understanding of the property related data used as input to the valuation models which include, amongst others, rental data and yield rate; and
- We also assessed whether the discount rate used to determine the present value of the cash flows reflects the estimated market rate of return for comparable assets with similar profile.

(b) Revenue and cost of sales from property development activities recognised on percentage of completion method

(Refer to Note 2.4(l)(ii), Note 2.5(b)(ii), Note 19 and Note 20 to the financial statements)

A significant proportion of the Group's revenues and profits are derived from property development contracts which span more than one accounting period. For the financial year ended 31 March 2019, sales of development properties of approximately RM61.52 million and cost of sales of approximately RM42.34 million accounted for 43% and 59% of the Group's revenue and cost of sales respectively. The Group recognises revenue over time using the input method, which is based on the costs incurred, relative to the total expected costs for the satisfaction of the performance obligation.

The amount of revenue and profit recognised from property development activities are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive the percentage-of-completion; the actual number of units sold and the estimated total revenue for each of the respective projects.

Revenue and cost of sales from property development activities are significant to our audit as significant management's judgement and estimates are involved in estimating the total property development costs which is used to determine gross profit margin of property development activities undertaken by the Group.

Our audit procedures focused on the assessment of the appropriateness of the extent of costs incurred, total estimated costs of construction and total estimated revenue collectively, which included amongst others, the following procedures:

- We obtained an understanding of the internal controls over the accuracy and timing of revenue recognised in the financial statements, including controls performed by management in estimating the total property development cost, profit margin and percentage-of-completion of the property development activities;

Key audit matters (cont'd)

(b) Revenue and cost of sales from property development activities recognised on percentage of completion method (cont'd)

Our audit procedures focused on the assessment of the appropriateness of the extent of costs incurred, total estimated costs of construction and total estimated revenue collectively, which included amongst others, the following procedures (cont'd):

- For significant property development phase, we read the sale and purchase agreements entered into with the customers to obtain an understanding of the specific terms and conditions;
- We evaluated the assumptions applied in estimating the total property development cost for the property development projects by examining documentary evidence such as letters of award issued to contractors to support the total budgeted costs. We also considered the historical accuracy of management's forecasts for the similar property development projects in evaluating the estimated total property development costs;
- We evaluated the determination of percentage-of-completion by examining supporting evidence such as contractors' progress claims and suppliers' invoices; and
- We observed the progress of the property development phases by performing site visit and examining physical progress reports. We also discussed the status of on-going property development phases with management, finance personnel and project officials.

(c) Investment in subsidiaries
(Refer to Note 2.4(b), Note 2.5(b)(iii) and Note 7 to the financial statements)

As at 31 March 2019, the carrying amount of the Company's investment in subsidiaries stood at approximately RM450.21 million which represents 78% of the Company's total assets.

A history of continued losses and depleting shareholders' fund reported by certain subsidiaries indicate that the carrying amount of the Company's cost of investment in subsidiaries may be impaired. Accordingly, the Company estimated the recoverable amounts of investments in subsidiaries by using the value in use ("VIU") method. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the cash generating unit ("CGU"), and discounting them at an appropriate rate.

The impairment review is significant to our audit because the assessment process is highly subjective and complex, which involves significant management judgement and is based on assumptions that are highly judgmental.

In addressing this area of audit focus, amongst others:

- We obtained an understanding of the relevant internal process in estimating the recoverable amount of the CGU;
- We considered the historical accuracy of management's estimates of profits (and the resulting cash flows) in previous years;
- We evaluated the key assumptions used in estimating cash flows, amongst others, by comparing the timing of sales of inventories to the historical actual trends analysis of previous project; and
- We assessed whether the rates used in discounting the future cash flows to its present value were appropriate.

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 Group's 2019 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 identified above 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

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 skepticism 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASIAN PAC HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)
(CONT'D)

Auditors' responsibilities for the audit of the financial statements (cont'd)

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

- 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 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 ASIAN PAC HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)
(CONT'D)

Other matters

1. As stated in Note 2.2 to the financial statements, Asian Pac Holdings Berhad adopted Malaysian Financial Reporting Standards and International Financial Reporting Standards on 1 April 2018 with a transition date of 1 April 2017. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 March 2018 and 1 April 2017, and the statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year ended 31 March 2018 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 March 2019, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2018 do not contain misstatements that materially affect the financial position as at 31 March 2019 and financial performance and cash flows for the year then ended.

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

Ernst & Young
AF: 0039
Chartered Accountants

Sundralingam A/L Navaratnam
No. 02984/05/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
9 July 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	Group 31.3.2019 RM'000	Group 31.3.2018 RM'000	Group 1.4.2017 RM'000	Company 31.3.2019 RM'000	Company 31.3.2018 RM'000
Assets						
Non-current assets						
Property, plant and equipment	3	4,894	10,280	9,557	12	138
Inventories - Land held for property development	4(a)	54,326	55,019	54,613	-	-
Investment properties	5	1,319,614	1,272,764	1,269,902	-	-
Intangible asset	6	445	503	695	-	-
Investments in subsidiaries	7	-	-	-	450,213	427,844
Investment in an associate	8	-	-	-	-	-
Non-current financial asset	9	4,128	4,735	4,878	1,354	1,553
Prepayment		3,797	5,633	6,637	-	-
Deferred tax assets	10	7	5	294	7	1
		1,387,211	1,348,939	1,346,576	451,586	429,536
Current assets						
Inventories - Property development costs	4(b)	130,181	73,620	77,826	-	-
Inventories - Completed properties and others	4(c)	25,833	30,307	31,077	-	-
Trade and other receivables	11	84,475	49,493	25,265	95,516	67,648
Contract assets in respect of property development	11(d)	25,582	39,523	32,647	-	-
Accrued income		4,284	2,273	4,497	3	8
Prepayment		1,156	980	1,942	67	69
Tax recoverable		5,698	2,829	2,614	8	-
Short term investments	12	21,479	44,841	-	18,739	42,272
Short term deposits	13	2,548	2,509	12,800	-	-
Cash and cash equivalents	13	56,653	53,774	60,114	8,351	13,926
		357,889	300,149	248,782	122,684	123,923
Total assets		1,745,100	1,649,088	1,595,358	574,270	553,459

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019
(CONT'D)

		Group			Company	
	Note	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000
Equity and liabilities						
Equity attributable to owners of the parent						
Share capital	14	210,977	209,943	202,064	210,977	209,943
Other reserves	15	79,227	79,797	1,226	155,984	157,062
Retained earnings		756,774	704,096	656,868	147,633	147,010
		1,046,978	993,836	860,158	514,594	514,015
Non-controlling interests		2,835	-	(120)	-	-
Total equity		1,049,813	993,836	860,038	514,594	514,015
Non-current liabilities						
Deferred tax liabilities	10	228,237	207,575	196,552	-	-
Trade and other payables	17	55,042	17,132	27,445	14,897	-
Provisions	18	2,954	2,554	-	-	-
Loans and borrowings	16	214,672	260,233	272,452	9,804	11,466
		500,905	487,494	496,449	24,701	11,466
Current liabilities						
Loans and borrowings	16	122,477	81,706	109,687	25,039	25,115
Trade and other payables	17	56,322	67,504	124,745	9,936	2,863
Provisions	18	14,397	14,351	-	-	-
Prepayment from tenants		684	751	699	-	-
Contract liabilities in respect of property development		-	-	1,768	-	-
Tax payable		502	3,446	1,972	-	-
		194,382	167,758	238,871	34,975	27,978
Total liabilities		695,287	655,252	735,320	59,676	39,444
Total equity and liabilities		1,745,100	1,649,088	1,595,358	574,270	553,459

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	19	144,411	186,194	6,007	8,626
Cost of sales	20	(72,184)	(102,014)	(954)	-
Gross profit		72,227	84,180	5,053	8,626
Other income	21	55,744	41,926	5,495	1,671
Employee benefits expense	22	(17,268)	(17,272)	(2,967)	(2,716)
Depreciation		(2,937)	(2,325)	(130)	(129)
Other expenses		(8,828)	(11,447)	(4,048)	(6,990)
Operating profit		98,938	95,062	3,403	462
Finance costs	24	(24,078)	(26,177)	(2,778)	(5,034)
Profit/(loss) before tax	25	74,860	68,885	625	(4,572)
Income tax (expense)/benefit	26	(22,176)	(21,345)	6	(119)
Profit/(loss) for the year		52,684	47,540	631	(4,691)
Profit/(loss) attributable to:					
Owners of the parent		52,686	47,420	631	(4,691)
Non-controlling interests		(2)	120	-	-
		52,684	47,540	631	(4,691)
Earnings per share attributable to owners of the parent (sen per share):					
Basic earnings per share					
Before mandatory conversion of ICULS	27(a)	5.1	4.7		
After mandatory conversion of ICULS	27(a)	3.5	3.2		
Diluted earnings per share	27(b)	3.5	3.2		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit/(loss) for the year	52,684	47,540	631	(4,691)
Other comprehensive income/(loss):				
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods (net of tax):				
Fair value gain on revaluation of property, plant and equipment	916	-	-	-
Fair value loss on financial assets at fair value through other comprehensive income	(607)	(133)	(199)	(53)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	309	(133)	(199)	(53)
Total comprehensive income/(loss) for the year, net of tax	52,993	47,407	432	(4,744)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	52,995	47,287	432	(4,744)
Non-controlling interests	(2)	120	-	-
	52,993	47,407	432	(4,744)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

Group	Attributable to owners of the parent						
	Non-distributable			Distributable			
	Share capital RM'000 (Note 14)	Other reserves RM'000 (Note 15)	Revaluation surplus RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000 (Note 7)	Total equity RM'000
At 31 March 2019							
At 1 April 2018, as previously stated	209,943	79,797	-	701,550	991,290	-	991,290
Effects of adoption of MFRS Framework (Note 38)	-	-	-	2,546	2,546	-	2,546
At 1 April 2018, as restated	209,943	79,797	-	704,096	993,836	-	993,836
Total comprehensive (loss)/income for the year	-	(607)	916	52,686	52,995	(2)	52,993
Acquisition of a subsidiary	-	-	-	-	-	2,837	2,837
Conversion of ICULS	1,034	(879)	-	(8)	147	-	147
At 31 March 2019	210,977	78,311	916	756,774	1,046,978	2,835	1,049,813

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019
(CONT'D)

Group	Attributable to owners of the parent: Non-distributable		Distributable			
	Share capital RM'000 (Note 14)	Other reserves RM'000 (Note 15)	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000 (Note 7)	Total equity RM'000
At 31 March 2018						
At 1 April 2017, as previously restated	202,064	1,226	657,347	860,637	(120)	860,517
Effects of adoption of MFRS Framework (Note 38)	-	-	(479)	(479)	-	(479)
At 1 April 2017, as restated	202,064	1,226	656,868	860,158	(120)	860,038
Total comprehensive (loss)/income for the year	-	(133)	47,420	47,287	120	47,407
Equity component of ICULS	-	84,428	-	84,428	-	84,428
Warrant reserve	-	978	-	978	-	978
Conversion of ICULS	7,879	(6,702)	(192)	985	-	985
At 31 March 2018	209,943	79,797	704,096	993,836	-	993,836

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

Company	I----- Non-distributable -----I		Distributable	
	Share capital RM'000 (Note 14)	Other reserves RM'000 (Note 15)	Retained earnings RM'000	Total equity RM'000
At 31 March 2019				
At 1 April 2018	209,943	157,062	147,010	514,015
Total comprehensive (loss)/income for the year	-	(199)	631	432
Conversion of ICULS	1,034	(879)	(8)	147
At 31 March 2019	210,977	155,984	147,633	514,594
At 31 March 2018				
At 1 April 2017	202,064	78,411	151,893	432,368
Total comprehensive loss for the year	-	(53)	(4,691)	(4,744)
Equity component of ICULS	-	84,428	-	84,428
Warrant reserve	-	978	-	978
Conversion of ICULS	7,879	(6,702)	(192)	985
At 31 March 2018	209,943	157,062	147,010	514,015

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities					
Profit/(loss) before tax		74,860	68,885	625	(4,572)
Adjustments for:					
Depreciation of property, plant and equipment	3, 25	2,937	2,325	130	129
Gain on changes in fair value of investment properties	5, 21	(46,150)	(35,302)	-	-
Gain on disposal of investment property	21	(644)	-	-	-
(Gain)/loss on fair value adjustments of financial assets at fair value through profit or loss	21, 25	(86)	(1,660)	85	(1,491)
Gain on disposal of property, plant and equipment	21	-	(90)	-	-
Gain on disposal of quoted investments	21	-	(17)	-	(17)
Impairment on:					
- intangible asset	6, 25	58	192	-	-
- investment in subsidiaries	7, 25	-	-	3,169	5,541
- trade and other receivables	25	390	84	-	-
Reversal of impairment loss on investment in subsidiaries	7, 21	-	-	(7)	(163)
Unwinding of discount/write back of accruals	21	(5,970)	(1,141)	(5,488)	-
Provision for liquidated ascertained damages	25	-	9,023	-	-
Write back impairment for doubtful debts	21	(110)	(120)	-	-
Interest expense	24	24,078	26,177	2,778	5,034
Interest income	19, 21	(1,610)	(1,980)	(450)	(247)
Dividend income	19	-	-	(1,750)	(6,300)
Operating profit/(loss) before working capital changes		47,753	66,376	(908)	(2,086)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019
(CONT'D)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities (cont'd)					
Changes in working capital:					
(Increase)/decrease in property development costs		(3,313)	4,969	-	-
(Increase)/decrease in trade and other receivables		(23,674)	(27,859)	19,239	(18,332)
Decrease in inventories		4,474	770	-	-
(Decrease)/increase in trade and other payables		(11,126)	(30,864)	442	231
Changes in subsidiaries balances		-	-	(39,557)	(8,741)
Cash generated from/(used in) operations		14,114	13,392	(20,784)	(28,928)
Interest received		455	244	455	244
Dividend received		-	-	1,750	6,300
Taxes paid		(7,329)	(9,068)	(8)	(77)
Net cash generated from/(used in) operating activities		7,240	4,568	(18,587)	(22,461)
Cash flows from investing activities					
Interest received		1,158	1,684	-	-
Net (placement)/withdrawal of short term deposit		(39)	10,291	-	-
Net withdrawal/(placement) of short term investments		23,448	(43,181)	23,448	(40,781)
Purchase of property, plant and equipment		(1,335)	(2,764)	(4)	(5)
Additions to investment property		(288)	(20)	-	-
Acquisition of a subsidiary	7 (b)	(5,450)	-	(5,450)	-
Proceeds from disposal of investment property		4,932	-	-	-
Proceeds from disposal of property, plant and equipment		-	91	-	-
Proceeds from disposal of quoted investments		-	26	-	26
Net cash generated from/(used in) investing activities		22,426	(33,873)	17,994	(40,760)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019
(CONT'D)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from financing activities					
Repayment of hire purchase payables		(416)	(416)	(115)	(112)
Net proceeds from issuance of ICULS		-	97,938	-	97,938
Drawdown of loans		38,219	22,081	-	-
Repayment of term loans		(40,465)	(74,031)	-	(25,000)
Interest paid		(24,125)	(22,607)	(4,867)	(3,223)
Net cash (used in)/generated from financing activities		(26,787)	22,965	(4,982)	69,603
Net increase/(decrease) in cash and cash equivalents		2,879	(6,340)	(5,575)	6,382
Cash and cash equivalents at beginning of year		53,774	60,114	13,926	7,544
Cash and cash equivalents at end of year	13	56,653	53,774	8,351	13,926

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

1. Corporate information

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 12th Floor, Menara SMI, No. 6, Lorong P. Ramlee, 50250 Kuala Lumpur and the principal place of business of the Company is located at Ground Floor, Menara SMI, No.6, Lorong P. Ramlee, 50250 Kuala Lumpur.

The Company is principally involved in the holding of securities for investment purposes, provision of management services and trading of building materials. The principal activities of the subsidiaries and associate are disclosed in Notes 7 and 8, respectively.

There has been no significant change in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 9 July 2019.

2. Significant accounting policies

2.1 Basis of preparation

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

These set of financial statements have been prepared under the historical cost basis except when otherwise disclosed. Furthermore, these set of financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (“RM'000”) except when otherwise indicated.

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

For the years up to and including the financial year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”) in Malaysia whereas, the financial statements of the Group and the Company, for the current financial year ended 31 March 2019, are prepared in accordance with MFRS Framework, including MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards. Except for certain differences, the requirements under FRS and MFRS are similar.

As provided in MFRS 1 first-time adopter of MFRS Framework can elect optional exemptions from full retrospective application of MFRS. The Group has elected not to apply MFRS 3 Business Combination and MFRS 10 Consolidated Financial Statements retrospectively, that is not to restate any of its business combinations that occurred before the date of transition to MFRS.

2. Significant accounting policies (cont'd)

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd)

The two newly effective standards which were adopted pursuant to the adoption of the MFRS Framework, namely MFRS 15 Revenue from Contracts with Customers and MFRS 9 Financial Instruments have resulted in the following key changes to the financial statements:

MFRS 15: Revenue from Contracts with Customers

Upon adoption of MFRS 15, revenue arising from contracts with customers is accounted for using the five-step model and is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard supersedes all current revenue recognition requirements under MFRS.

The accounting standard requires the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group elected to apply certain practical expedients allowed under MFRS whereby the Group did not restate any contracts that are completed as at date of transition, 1 April 2017.

The key effects as a result of adopting this standard on the property development activities of the Group are as follows:

(i) in respect of sales of properties that do not come under the purview of the Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 23 Application of MFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties issued by the Malaysian Institute of Accountants, the Group had assessed that the property has an alternative use to the Group and that the sale and purchase arrangement provides the Group with an enforceable right to payment for work completed to date, in determining whether or not the sale of property units should be recognised at a point in time (completion method) or over time (percentage of completion method).

(ii) it required the identification of separate performance obligations arising from the sale of property units from the various property development projects of the Group, such as the sale of property with complimentary giveaways and may result in the acceleration or deferment of revenue recognition relating to these separate performance obligations depending on when the related goods and/or services are delivered or satisfied. This would affect the timing of revenue recognition for the property development activities;

The Group has no other significant performance obligation apart from delivery of property over time.

(iii) it required that expense attributed to securing contracts with customers such as commission expense be capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation.

The Group and the Company have identified and capitalised the costs incurred to secure the contracts with customers. These costs are to be expensed off to profit or loss by reference to percentage of completion to date and at the point in time when control of the asset is transferred to the customer; and

2. Significant accounting policies (cont'd)

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd)

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

The key effects as a result of adopting this standard on the property development activities of the Group are as follows (cont'd):

(iv) legal fees were determined to be consideration payable to customers and are presented as a reduction of the transaction price which would then be accounted for in the profit or loss over the tenure of the respective property development project instead of being accounted for as a direct charge to the profit or loss income when the obligation arises.

MFRS 9: Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurements and sets out requirements for recognition and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The classification and measurement requirements of MFRS 9 did not have a significant impact on the Group and the Company, except that the trade and other current and non-current receivables of the Group and Company, which are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest, and were previously classified as loans and receivables are now classified and referred to as debt instruments at amortised cost. The assessment of the Group's and the Company's business model to ascertain the classification of these financial assets was made as of the date of initial application, 1 April 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 April 2018.

The other key effect of the adoption of this standard on the Group and the Company would principally be in respect of the assessment of impairment losses of outstanding external and internal debts based on an "expected credit loss" model instead of the "incurred loss" model. This may have the effect of accelerating the recognition of impairment losses in respect of these debts if any. The revised basis of assessment of impairment losses have not resulted in a significant effect on the financial statements of the Group and the Company.

The effects on the adoption of the MFRS Framework are disclosed in Note 38.

2.3 Standards, interpretations and amendments issued but not yet effective

The standards, amendments to MFRSs and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Effective for financial periods beginning on or after 1 January 2019:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendment to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendment to MFRS 3 and MFRS 11	Previously Held Interest in a Joint Operation (Annual Improvements to MFRSs 2015 - 2017 Cycle)
Amendments to MFRS 112	Income Taxes Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements MFRSs 2015 - 2017 Cycle)

2. Significant accounting policies (cont'd)

2.3 Standards, interpretations and amendments issued but not yet effective (cont'd)

Effective for financial periods beginning on or after 1 January 2019 (cont'd):

Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Borrowing Costs Eligible for Capitalisation (Annual Improvements to MFRSs 2015 - 2017 Cycle)

Effective for financial periods beginning on or after 1 January 2020:

Amendments to MFRS 2	Share-based Payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provision, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets - Web Site Costs

Effective for financial periods beginning on or after 1 January 2021:

MFRS 17	Insurance Contracts

Effective date deferred to a date to be determined by MASB:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining Whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessee to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

2. Significant accounting policies (cont'd)

2.3 Standards, interpretations and amendments issued but not yet effective (cont'd)

MFRS 16 Leases (cont'd)

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease lability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and financial leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

As at the reporting date, the Group and the Company have identified that the main lease assets are office lease and motor vehicles and is in the midst of identifying other lease assets. The Group and the Company are in the midst of completing the assessment and quantification of the effect of application of MFRS 16 on its financial statements.

2.4 Summary of significant accounting policies

(a) Basis of consolidation

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

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee (cont'd):

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to statement of profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

Business combinations (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income.

If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.4(d).

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The acquisition of equity interest in the previous years have been accounted for as a business combination involving entities under common control. Accordingly, the assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid, the share capital of the "acquired" entity and the pre-acquisition reserves as at date of common control is reflected within equity as merger reserve.

(b) Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(b) Subsidiaries (cont'd)

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

(c) Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(d) Intangible asset

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Goodwill is not amortised but instead, is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(e) Investment in an associate

An associate is an entity, not being a subsidiary nor a joint venture, in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

The financial statements of the associate are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(e) Investment in an associate (cont'd)

In the Company's separate financial statements, investment in an associate is accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

(f) Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost or valuation of each asset to its residual value over the estimated useful life, at the following annual rates:

Long term leasehold land	1%
Long term leasehold buildings	1% - 2%
Motor vehicles	20%
Office furniture and equipment	20%
Plant and machinery	20%
Renovation	20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(g) Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at using the comparison method considering recent market transactions for similar properties in the same location as well as the investment method that makes reference to estimated market rental values and equivalent yields. Valuations are performed by accredited independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Subsequent expenditure is included in the investment property's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are recognised in profit or loss during the financial period in which they are incurred.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property 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, the property is accounted for in accordance with the accounting policy for property, plant and equipment as set out in Note 2.4(f) up to the date of change in use.

(h) Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs the contract.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(i) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flow (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down 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 are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. 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. Impairment loss on goodwill is not reversed in a subsequent period.

(j) Financial assets

(i) Recognition and initial measurement

Financial assets are classified, at initial recognition, as well as subsequent measurement at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(j) Financial assets (cont'd)

(i) Recognition and initial measurement (cont'd)

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, transaction costs, in the case of a financial asset not at fair value through profit or loss.

Prior to 1 April 2018, trade receivables are carried at amortised cost.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, that is the date that the Group or the Company commits to purchase or sell the asset.

(ii) Subsequent measurement

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

(a) Financial assets at amortised cost (debt instruments)

(b) Financial assets at fair value through OCI (equity instruments)

(c) Financial assets at fair value through profit or loss

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(j) Financial assets (cont'd)

(ii) Subsequent measurement (cont'd)

Financial assets at amortised cost

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

i. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(iii) Derecognition

A financial asset is derecognised when:

(a) The rights to receive cash flows from the asset have expired, or

(b) The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

   i. The Group and the Company have transferred substantially all the risks and rewards of the asset, or

   ii. The Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(j) Financial assets (cont'd)

(iii) Derecognition (cont'd)

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

(k) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments carried at amortised cost and fair value through OCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(l) Inventories

(i) Land held for property development

Land held for property development consists of land where no 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 within non-current assets and is stated at cost less any accumulated impairment losses.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(l) Inventories (cont'd)

(i) Land held for property development (cont'd)

Land held for property development is reclassified to property development costs (classified within current assets) when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Land held for property development comprises costs associated with the acquisition of land and all costs incurred subsequent to the acquisition but prior to the transfer to property development costs on activities necessary to prepare the land for its intended use.

Costs associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by MFRS 102.

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Costs consist of land and development expenditure. Development expenditures include borrowing costs relating to the financing of the land and development. The borrowing cost will ceased to be capitalised upon the commencement of the sale the development units.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the 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.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that it 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 contract assets within current assets and the excess of billings to purchasers over revenue recognised in profit or loss is classified as contract liabilities within current liabilities.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(l) Inventories (cont'd)

(iii) Inventories of completed properties

Inventories of completed properties are stated at lower of cost (determined on the specific identification basis) and net realisable value ("NRV"). Cost includes costs associated with the acquisition of land, direct costs and appropriate proportions of common costs.

NRV is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(iv) Inventories of consumables and general supplies

Inventories represent general supplies used in the daily operations of mall and car parks. The inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured based on first-in-first-out basis, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, demand deposits, and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Financial liabilities

(i) Recognition and initial measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables and loans and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(n) Financial liabilities (cont'd)

(ii) Subsequent measurement (cont'd)

Financial liabilities at fair value through profit or loss (cont'd)

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gain or losses on liabilities held for trading are recognised in the statement of profit or loss.

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

Loans and borrowings

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Subsequent to initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(o) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably measured.

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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(p) Leases

(i) As a lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Total operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As a lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.4(w).

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(q) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use. Capitalisation of borrowing costs shall cease when substantially all the activities to prepare the asset for its intended use or sale are completed.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(r) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2.4(g), 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 with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(r) Income taxes (cont'd)

(ii) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 all or part of the 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 assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(s) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(s) Employee benefits (cont'd)

(ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the country in which it has operations. The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to the defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(t) Foreign currencies

(i) 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 Group's and the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, or on the translation of monetary items, are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of transactions. The exchange differences arising on the translation are taken directly to other comprehensive income.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(t) Foreign currencies (cont'd)

(iii) Foreign operations (cont'd)

On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income are accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

(u) Current versus non-current classification

The Group and the Company present their assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle
(ii) Held primarily for the purpose of trading
(iii) Expected to be realised within twelve months after the reporting period, or
(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle
(ii) It is held primarily for the purpose of trading
(iii) It is due to be settled within twelve months after the reporting period, or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

(v) Fair value measurement

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(v) Fair value measurement (cont'd)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit 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 value.

The Group and the Company use valuation techniques that are appropriate in circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group measures investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group had engaged independent professional valuers to determine the fair values as at the reporting date.

(w) Revenue and other income

(i) Revenue from property development

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

(ii) Sale of building materials

Revenue from the sale of building materials are recognised net of discounts at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is not recognised to the extent where there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(w) Revenue and other income (cont'd)

(iii) Car park operations

Revenue from car park operations are recognised as and when the services are rendered.

(iv) Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate ("EIR") method.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in revenue and other income in the statement of profit or loss.

(v) Rental income

Rental income is recognised 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.

(vi) Dividend income

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

(vii) Management fees

Management fees are recognised when these services are rendered.

(viii) Sale of inventories of completed properties

Revenue from the sale of inventories of completed properties is recognised net of discounts at the point in time when control of the properties is transferred to the customer, generally on delivery of the goods. Revenue is not recognised to the extent where there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of properties.

(ix) Accrued income

Accrued income arises from difference between the rental income which is recognised on a straight-line basis over the entire lease term and the rental income billed to the tenants and accrued interest income.

(x) Tenant deposits

Tenant deposits liabilities are initially recognised at fair value and subsequently measured at amortised cost where material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019
(CONT'D)

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(y) Segment reporting

For management reporting purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

(z) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(aa) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component. Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

(ab) Contingencies

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

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

2. Significant accounting policies (cont'd)

2.5 Significant accounting judgements and estimates

(a) Judgements made in applying accounting policies

The preparation of the Group's financial statements requires the management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material judgement to the carrying amount of the asset or liability affected in the future.

(i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately.

If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Fair values of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. Significant judgement is required in determining fair value which may be derived based on different valuation methods. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The Group engaged independent valuation specialists to determine fair value as at 31 March 2019.

2. Significant accounting policies (cont'd)

2.5 Significant accounting judgements and estimates (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(ii) Property development

The Group recognises 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 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 costs, 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. Details of property development costs are disclosed in Note 4(b).

(iii) Investments in subsidiaries

Management determines whether the carrying amount of the Company's investments in subsidiaries are impaired as at reporting date. This involves measuring the recoverable amounts of investments in subsidiaries by using the Value In Use (''VIU'') method. Estimating VIU involves estimating the future cash inflows and outflows that will be derived from the CGU and discounting them at an appropriate rate

Management has performed impairment assessment by comparing the carrying amounts of investments in subsidiaries against their recoverable amounts based on the VIU method. The key assumptions involved in the assessment of the VIU are revenue growth rate, discount rate, amongst others.

The carrying amount of the Company's investments in subsidiaries at the reporting date is disclosed in Note 7.

3. Property, plant and equipment

Group	Long term leasehold buildings RM'000	Long term leasehold land RM'000	Motor vehicles, office furniture, equipment, plant, tools, machinery and renovation RM'000	Total RM'000
	I-------------------- At cost	--------------------	--------------------I	
At 31 March 2019				
At cost				
At 1 April 2018	4,559	698	18,013	23,270
Additions	-	-	1,335	1,335
Gain on revaluation of property, plant and equipment (Note 15(c))	916	-	-	916
Write off	-	-	(14)	(14)
Transfer to investment property (Note 5)	(4,712)	(528)	-	(5,240)
At 31 March 2019	763	170	19,334	20,267
Accumulated depreciation				
At 1 April 2018	784	153	12,053	12,990
Depreciation charge for the year (Note 25)	15	2	2,920	2,937
Write off	-	-	(14)	(14)
Transfer to investment property (Note 5)	(473)	(67)	-	(540)
At 31 March 2019	326	88	14,959	15,373
Net carrying amount				
At 31 March 2019	437	82	4,375	4,894

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3. Property, plant and equipment (cont'd)

Group	Long term leasehold buildings RM'000	Long term leasehold land RM'000	Motor vehicles, office furniture, equipment, plant, tools, machinery and renovation RM'000	Total RM'000
	I------------------- At cost	-------------------	-------------------I	
At 31 March 2018				
At cost				
At 1 April 2017	4,559	698	15,423	20,680
Additions	-	-	3,049	3,049
Disposal	-	-	(459)	(459)
At 31 March 2018	4,559	698	18,013	23,270
Accumulated depreciation				
At 1 April 2017	729	146	10,248	11,123
Depreciation charge for the year (Note 25)	55	7	2,263	2,325
Disposal	-	-	(458)	(458)
At 31 March 2018	784	153	12,053	12,990
Net carrying amount				
At 31 March 2018	3,775	545	5,960	10,280

3. Property, plant and equipment (cont'd)

Company	Motor vehicles RM'000	Office furniture and equipment RM'000	Total RM'000
At 31 March 2019			
At cost			
At 1 April 2018	1,086	157	1,243
Additions	-	4	4
At 31 March 2019	1,086	161	1,247
Accumulated depreciation			
At 1 April 2018	964	141	1,105
Depreciation charge for the year (Note 25)	122	8	130
At 31 March 2019	1,086	149	1,235
Net carrying amount			
At 31 March 2019	-	12	12
At 31 March 2018			
At cost			
At 1 April 2017	1,086	152	1,238
Additions	-	5	5
At 31 March 2018	1,086	157	1,243
Accumulated depreciation			
At 1 April 2017	842	134	976
Depreciation charge for the year (Note 25)	122	7	129
At 31 March 2018	964	141	1,105
Net carrying amount			
At 31 March 2018	122	16	138

3. Property, plant and equipment (cont'd)

(a) Long term leasehold land and building of the Group, stated at cost

During the financial year, a subsidiary's leasehold land and building was reclassified to investment property because there was a change in the use of the property. The Group used the revaluation model, whereby the subsidiary's property and plant were revalued at fair value at the date of transfer to investment property, resulting in a revaluation surplus of RM916,000 (Note 15).

(b) Fully depreciated assets

Included in property, plant and equipment of the Group and of the Company are the costs of fully depreciated assets which are still in use as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Motor vehicles	4,259	2,663	1,086	476
Office furniture and equipment	3,180	1,039	125	126
Renovation	3,160	1,036	-	-
	10,599	4,738	1,211	602

(c) Assets held under hire purchase arrangements

During the financial year, the Group acquired the property, plant and equipment of RM1,335,000 (2018: RM3,049,000) without entering any hire purchase agreement.

Leased assets are pledged as security for the related lease liabilities (Note 16(e)). Net carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Motor vehicles	243	687	-	122

4. Inventories

	Group 2019 RM'000	2018 RM'000
Non-current		
Land held for property development (Note 4(a))	54,326	55,019
Current		
At cost		
- Property development costs (Note 4(b))	130,181	73,620
- Completed properties and others (Note 4(c))	25,833	30,307
	156,014	103,927

(a) Land held for property development

	Group 2019 RM'000	2018 RM'000
Long term leasehold land		
Cost and carrying amount		
At beginning of year	55,019	54,613
Incidental cost to the land	6	406
Written off during the year	(699)	-
At end of year	54,326	55,019

During the financial year, long term leasehold land of the Group with a carrying value of RM54,326,000 (2018: RM55,019,000) has been charged to a financial institution as securities for revolving credit granted to the Company as disclosed in Note 16(d).

(b) Property development costs

	Group 2019 RM'000	2018 RM'000
Cumulative property development costs		
At 1 April 2018/2017, as previously reported:		
Freehold land	-	61,237
Long term leasehold land	51,595	55,255
Development costs	65,577	289,503
	117,172	405,995
Effects of adoption of MFRS Framework	-	(2,352)
	117,172	403,643

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4. Inventories (cont'd)

(b) Property development costs (cont'd)

	Group 2019 RM'000	Group 2018 RM'000
Cumulative property development costs (cont'd)		
Costs incurred during the year:		
Freehold land	-	2,215
Long term leasehold land	24,188	-
Development costs	74,715	74,345
	98,903	76,560
Transfers:		
To inventories of completed properties (Note 4(c))	-	(8,545)
	-	(8,545)
Reversal of completed projects:		
Freehold land	-	(53,114)
Long term leasehold land	-	(3,919)
Development costs	-	(297,453)
	-	(354,486)
At 31 March 2019/2018	216,075	117,172
Cumulative costs recognised in profit or loss		
At 1 April 2018/2017:	(43,552)	(327,739)
Effects of adoption of MFRS Framework	-	1,922
As restated	(43,552)	(325,817)
Recognised during the year (Note 20)	(42,342)	(72,221)
Reversal of completed projects	-	354,486
At 31 March 2019/2018	(85,894)	(43,552)
Property development costs at 31 March 2019/2018	130,181	73,620

Included in property development costs incurred during the financial year are interest costs capitalised under qualifying assets amounting to RM1,009,000 (2018: RM1,194,000) (Note 24).

Included in property development costs of the Group are leasehold land and development costs amounting to RM65,758,000 (2018: RM69,562,000) which have been charged to financial institutions as securities for the term loan, Islamic financing and overdraft facilities as disclosed in Note 16(a), (b) and (c).

4. Inventories (cont'd)

(c) Completed properties and others

	Group 2019 RM'000	Group 2018 RM'000
At cost		
Completed properties	24,971	29,209
Consumables and general supplies	862	1,098
	25,833	30,307

	Group Completed properties RM'000	Group Consumables and general supplies RM'000
At 31 March 2019		
As at 1 April 2018, as previously reported	29,282	1,098
Effects of adoption of MFRS Framework (Note 38)	(73)	-
As restated	29,209	1,098
Movements in consumables	-	(236)
Recognised as cost of sales (Note 20)	(4,238)	-
As at 31 March 2019	24,971	862
At 31 March 2018		
As at 1 April 2017	31,077	-
Additions	-	1,098
Transfer from property development costs (Note 4(b))	8,545	-
Recognised as cost of sales (Note 20)	(10,413)	-
As at 31 March 2018	29,209	1,098

Certain completed properties with carrying value of RM1,395,000 (2018: RM1,395,000) have been charged to financial institution as security for credit facility granted to the Group, as disclosed in Note 16(d).

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(CONT'D)

5. Investment properties

At fair value	Freehold land RM'000	Leasehold land RM'000	Leasehold land and building RM'000	Total RM'000
At 31 March 2019				
At 1 April 2018	87,000	72,899	1,112,865	1,272,764
Additions from subsequent expenditure	-	-	288	288
Transfer from property, plant and equipment (Note 3)	-	-	4,700	4,700
Disposal under government compulsory acquisition	-	(4,288)	-	(4,288)
Gain from fair value adjustments recognised in profit or loss (Note 21)	-	3,289	42,861	46,150
At 31 March 2019	87,000	71,900	1,160,714	1,319,614
At 31 March 2018				
At 1 April 2017	87,000	71,299	1,111,603	1,269,902
Additions from subsequent expenditure	-	-	20	20
Adjustment to cost of investment property	-	-	(32,460)	(32,460)
Gain from fair value adjustments recognised in profit or loss (Note 21)	-	1,600	33,702	35,302
At 31 March 2018	87,000	72,899	1,112,865	1,272,764

Investment properties are stated at fair value, which has been determined based on valuations at the reporting date. Fair values were determined using the comparison method considering recent market transactions for similar properties in the same location as well as the investment method that makes reference to estimated market rental values and equivalent yields. Valuations are performed by accredited independent valuers with recent experience in the location and category of properties being valued.

Fair values using the comparison method were based on level 2 of the fair value hierarchy: other techniques for which the lowest level inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly. On the other hand, fair values using the investment method were based on level 3 of the fair value hierarchy: other techniques for which the lowest level inputs that have a significant effect on the recorded fair value are unobservable.

5. Investment properties (cont'd)

Reconciliation of fair value:

	Investment properties	
	Land and office properties RM'000	Land and retail properties RM'000
As at 1 April 2017	159,889	1,110,013
Additions from subsequent expenditure	-	20
Adjustment to cost of investment property	-	(32,460)
Remeasurement recognised in profit or loss (Note 21)	1,600	33,702
As at 31 March 2018/1 April 2018	161,489	1,111,275
Additions from subsequent expenditure	-	288
Transfer from property, plant and equipment (Note 3)	-	4,700
Disposal under government compulsory acquisition	(4,288)	-
Remeasurement recognised in profit or loss (Note 21)	3,289	42,861
As at 31 March 2019	160,490	1,159,124

The following are recognised in profit or loss in respect of the investment properties:

	2019 RM'000	2018 RM'000
Rental income (Note 19):		
- Land and office properties	1,243	1,324
- Land and retail properties	63,942	52,339
Property management operation costs (Note 20)	(21,181)	(16,892)
Others	(116)	(195)
Car park operations		
- Revenue	9,547	8,621
- Cost of sales	(3,164)	(2,288)
Profit arising from investment properties	50,271	42,909

Included in investment properties is certain long term leasehold land of the Group amounting to approximately RM47,600,000 (2018: RM48,600,000) which has been leased to a third party under an operating lease agreement, as disclosed in Note 29.

Certain freehold and long term leasehold land and buildings of the Group with carrying value of RM1,088,500,000 (2018: RM1,058,700,000) have been charged to financial institutions as securities for credit facilities granted to the Group, as disclosed in Note 16(a), (b), (c) and (d).

During the financial year, certain long term leasehold land and building of the Group with the carrying value of RM4,700,000 was re-classified from property, plant and equipment (Note 3) to investment property.

5. Investment properties (cont'd)

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation model.

Property	Valuation technique	Significant unobservable inputs	Range 2019	Range 2018	Sensitivity of the input to fair value
Land and retail properties	Investment method	Estimated rental value per square feet per month	RM0.38 to RM22.50	RM0.38 to RM21.00	0.5% increase/ (decrease) in the growth rate would result in an increase/ (decrease) in fair value by RM6,009,000
		Long term vacancy rate	3.50% to 10.00%	5.00% to 10.00%	
		Term yield rate	4.30% to 5.50%	4.10% to 5.50%	
		Reversionary yield rate	4.70% to 7.00%	4.50% to 7.00%	

Significant changes to the unobservable inputs would result in significant changes in fair value.

Investment method

Using the discounted cash flows method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases/(decreases) in estimated rental value in isolation would result in a significantly higher/(lower) fair value of the properties. Significant increases/(decreases) in the long term vacancy rate and yield rates in isolation would result in a significantly lower/(higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the yield rates, and an opposite change in the long term vacancy rate.

5. Investment properties (cont'd)

Comparison method

Fair value is arrived at by reference to market evidence of transaction prices for similar properties, adjustments are made to account for factors such as location and accessibility, market conditions, size, shape and terrain of land, tenurial interest and restrictions if any, occupancy status, built-up area building construction, finishes and services, age and condition of building and other relevant characteristics.

A sensitivity analysis has been performed based on the fair value gain from the comparison method as at 31 March 2019. If the fair value of the comparable increase or decrease by 50 basis points with all other variables held constant, the Group's fair value from comparison method would increase or decrease by RM588,000.

6. Intangible asset

	Group	
	2019 RM'000	2018 RM'000
Cost		
At beginning/end of year	10,666	10,666
Accumulated impairment		
At 1 April 2018	(10,163)	(9,971)
Impairment loss recognised in profit or loss (Note 25)	(58)	(192)
At 31 March 2019	(10,221)	(10,163)
Net carrying amount		
At 31 March 2019/2018	445	503

Goodwill arising from business combinations has been allocated to the Group's CGU identified from the property development segment.

7. Investments in subsidiaries

	Company	
	2019 RM'000	2018 RM'000
Unquoted shares, at cost	587,700	587,700
Acquisition of a subsidiary	25,531	-
	613,231	587,700
Accumulated impairment losses (Note 7(a))	(163,018)	(159,856)
	450,213	427,844

7. Investments in subsidiaries (cont'd)

Details of the subsidiaries, all of which are incorporated in Malaysia are as follows:

Name of subsidiaries	Paid up share capital RM'000	Direct shareholdings/ effective equity interest 2019 %	2018 %	Principal activities
Held by the Company				
Climate Engineering (Malaya) Sdn. Bhd.	50,000	100	100	Investment holding (dormant)
AGB Properties Sdn. Bhd.	1,000	100	100	Investment holding and renting out of offices & retail properties
Pinus Park Sdn. Bhd.	680	100	100	Renting out of bungalow (dormant)
BH Builders Sdn. Bhd.	110,000	100	100	Investment holding, property investment and development and renting out retail properties
Primadana Utama Sdn. Bhd.	2,500	100	100	Investment holding, property investment and development
Prousaha (M) Sdn. Bhd.	5,000	100	100	Property investment and development
Syarikat Kapasi Sdn. Bhd.	178,000	100	100	Property investment and development and renting out retail properties
Changkat Fajar Sdn. Bhd.	1,000	100	100	Property investment and development
Quality Trend Sdn. Bhd.	244	100	100	Property investment and development (dormant)
Asian Pac Property Management Sdn. Bhd.	500	100	100	Property management

7. Investments in subsidiaries (cont'd)

Details of the subsidiaries, all of which are incorporated in Malaysia are as follows (cont'd):

Name of subsidiaries	Paid up share capital RM'000	Direct shareholdings/ effective equity interest 2019 %	2018 %	Principal activities
Held by the Company (cont'd)				
Asian Pac Parksafe Sdn. Bhd.	5,007	100	100	Car park operation
Harmoni Bumiria Sdn. Bhd. (Note 7(b))	100	90	-	Property investment and development
Held through subsidiaries				
BH Realty Sdn. Bhd.	3,100	100	100	Property investment and development and car park operation
Wangsa Masyhur Sdn. Bhd.	30,000	100	100	Property investment and development (dormant)
Taman Bestari Sdn. Bhd.	750	100	100	Property development

All subsidiary companies are being audited by Ernst & Young, Malaysia.

(a) Impairment losses on investments in subsidiaries

During the financial year, the Company recognised a reversal of impairment losses of RM7,000 (2018: RM163,000) (Note 21) and additional impairment losses of RM3,169,000 (2018: RM5,541,000) (Note 25) on its investments in certain subsidiaries.

Management determined the recoverable amount of these investments based on the individual asset's value-in-use. The net present value of the future cash flows to be generated from these assets is the asset's value in use. An impairment loss is recognised immediately in profit or loss if the recoverable amount is less than the carrying amount.

The key assumptions used in the value-in-use calculations are as follows:

- Projected gross margins - projected gross margin reflects the average historical gross margin adjusted for projected market and economic conditions and internal resource efficiency.

- Discount rates - discount rates reflect management's estimate of the risks specific to these entities. In determining appropriate discount rates for each unit, consideration has been given to the applicable weighted average cost of capital for each unit.

7. Investments in subsidiaries (cont'd)

(a) Impairment losses on investments in subsidiaries (cont'd)

The key assumptions used in the value-in-use calculations are as follows (cont'd):

- Revenue growth - the bases used to determine the future earnings potential are historical sales and expected growth rates of the relevant industry.

(b) Acquisition of a new subsidiary

On 30 August 2018, the Company entered into a share sale agreement with Ikatan Khusus Sdn. Bhd. ("IKSB") to acquire the 90,000 ordinary shares of RM1.00 each representing 90% equity interest in Harmoni Bumiria Sdn. Bhd. ("HBSB") for a total consideration of RM25,531,000 ("the Acquisition") which consist of cash and deferred payment of RM6,850,000 and deferred non-cash consideration of RM18,681,000. The Acquisition was completed in the financial year.

The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiary were as follows:

	RM'000
Property development cost	51,547
Other payables	(23,179)
	28,368
Less : Non controlling interest's share in net assets	(2,837)
Cost of acquisition	25,531

The effect of the cost of acquisition on cash flows is as follows:

	RM'000
Total cost of acquisition	25,531
Less : Deferred non-cash consideration	(18,681)
Less : Deferred cash consideration (Note 17)	(1,400)
Cash consideration settled in cash as at 31 March 2019	5,450

The purchase price allocation for this acquisition is preliminary as the Company is currently finalising its identification and measurement of all intangible assets and its allocated goodwill. The Company has up to 12 months to complete such allocation.

7. Investments in subsidiaries (cont'd)

(c) Summarised financial information on subsidiaries with non-controlling interests

Summarised financial information of Harmoni Bumiria Sdn. Bhd. which has non-controlling interests ("NCI") is set out below. The summarised financial information presented below is the amount before inter-company elimination.

	Harmoni Bumiria Sdn. Bhd. RM'000
At 31 March 2019	
NCI percentage of ownership interest and voting interest	10.00%
Carrying amount of NCI	2,835
Loss attributable to NCI	2

	Harmoni Bumiria Sdn. Bhd. RM'000
(i) Summarised statement of financial position	
Current assets representing total assets	52,648
Current liabilities	(1,118)
Non-current liabilities	(23,179)
Net assets	28,351
Equity attributable to owners of the parent	25,516
Non-controlling interests	2,835
	28,351
(ii) Summarised statement of profit or loss	
Loss for the year	16
Loss attributable to owners of the parent	14
Loss attributable to non-controlling interest	2

7. Investments in subsidiaries (cont'd)

(c) Summarised financial information on subsidiaries with non-controlling interests (cont'd)

	Harmoni Bumiria Sdn. Bhd. RM'000
(iii) Summarised statement of cash flows	
Net cash generated from operating activities, representing net increase in cash and cash equivalents	6
Cash and cash equivalents on date of acquisition	-
Cash and cash equivalents at 31 March 2019	6

8. Investment in an associate

	Group/Company 2019 RM'000	Group/Company 2018 RM'000
Unquoted shares outside Malaysia	375	375
Less: Accumulated impairment losses	(375)	(375)
	-	-

The Group has not recognised losses relating to the associate where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the reporting date was RM451,000 (2018: RM451,000). The Group has no obligation in respect of these losses.

Details of the associate, which is incorporated in Indonesia are as follows:

Name of associate	Paid-up share capital RM'000	Direct shareholdings/ effective equity interest 2019 %	Direct shareholdings/ effective equity interest 2018 %	Principal activities
PT AP International	750	50	50	Property development and property management

8. Investment in an associate (cont'd)

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information represents the amounts in the financial statements of the associate and not the Group's share of those amounts.

	PT AP International	
	2019 RM'000	2018 RM'000
(i) Summarised statement of financial position		
Current assets representing total assets	8	8
Current liabilities representing total liabilities	(910)	(910)
Net liabilities attributable to owners of associate	(902)	(902)
(ii) Summarised statement of profit or loss		
Loss for the year	-	-
(iii) Reconciliation of net liabilities to the carrying amount of Group's interest in the associate		
Group's share of net liabilities	(451)	(451)
Unrecognised losses	451	451
Carrying amount of Group's interest in associate	-	-
(iv) Group's share of results of associate	-	-

9. Non-current financial asset

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current				
Quoted shares in Malaysia	4,128	4,735	1,354	1,553

Unrealised loss on fair valuation on non-current financial asset investments amounting to RM607,000 (2018: gain of RM133,000) and RM199,000 (2018: gain of RM53,000) of the Group and of the Company were taken to other comprehensive income.

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31 MARCH 2019
(CONT'D)

10. Deferred tax

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 April 2018/2017	(205,507)	(196,299)	1	(5)
Effect of adoption of MFRS framework (Note 38)	(2,063)	42	-	-
As restated	(207,570)	(196,257)	1	(5)
Recognised in profit or loss (Note 26)	(20,660)	(11,313)	6	6
At 31 March 2019/2018	(228,230)	(207,570)	7	1
Presented after appropriate offsetting as follows:				
- Deferred tax assets	7	5	7	1
- Deferred tax liabilities	(228,237)	(207,575)	-	-
	(228,230)	(207,570)	7	1

The components and movements of deferred tax assets and liabilities of the Group and of the Company during the financial year prior to appropriate offsetting are as follows:

Group	Provisions and unused tax losses RM'000
Deferred tax assets:	
At 1 April 2018	1,380
Effect of adoption of MFRS framework	(92)
As restated	1,288
Recognised in profit or loss	(689)
At 31 March 2019	599
At 1 April 2017	90
Effect of adoption of MFRS framework	(56)
As restated	34
Recognised in profit or loss	1,254
At 31 March 2018	1,288

10. Deferred tax (cont'd)

The components and movements of deferred tax assets and liabilities of the Group and of the Company during the financial year prior to appropriate offsetting are as follows (cont'd):

Group	Revaluation of land held for property development and investment properties and capital allowances RM'000
Deferred tax liabilities:	
At 1 April 2018	(206,887)
Effect of adoption of MFRS framework	(1,971)
As restated	(208,858)
Recognised in profit or loss	(19,971)
At 31 March 2019	(228,829)
At 1 April 2017	(196,389)
Effect of adoption of MFRS framework	98
As restated	(196,291)
Recognised in profit or loss	(12,567)
At 31 March 2018	(208,858)

Company	Provisions	
	2019 RM'000	2018 RM'000
Deferred tax assets:		
As at 1 April 2018/2017	6	5
Recognised in profit or loss	2	1
As at 31 March 2019/2018	8	6

Company	Capital allowance	
	2019 RM'000	2018 RM'000
Deferred tax liabilities:		
As at 1 April 2018/2017	(5)	(10)
Recognised in profit or loss	4	5
As at 31 March 2019/2018	(1)	(5)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019
(CONT'D)

10. Deferred tax (cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unused tax losses	11,629	10,354	8,451	8,786
Unabsorbed capital allowances	110	106	97	93
	11,739	10,460	8,548	8,879
Deferred tax at Malaysian statutory tax rate, if recognised	2,817	2,510	2,052	2,131

The unused tax losses of the Group and the Company are available for seven (7) years from Year 2019 for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the Malaysian taxation authority.

Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and such items have arisen in subsidiaries that have a history of losses.

11. Trade and other receivables

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current				
(a) Trade receivables	8,588	5,544	753	-
Less: Allowance for impairment	(122)	(84)	-	-
	8,466	5,460	753	-
(b) Other receivables:				
Due from previous stockbroking clients	4,775	6,208	-	-
Sundry receivables	10,525	1,815	402	391
Stakeholder sum	15,234	16,070	-	-
Earnest deposit (Note 31)	44,000	20,000	-	20,000
Other deposits	6,451	5,986	35	35
GST input recoverable	437	558	-	-
Due from associate	1,004	1,004	1,004	1,004
Due from subsidiaries	-	-	94,765	47,661
	82,426	51,641	96,206	69,091
Less: Allowance for impairment	(6,417)	(7,608)	(1,443)	(1,443)
	76,009	44,033	94,763	67,648

11. Trade and other receivables (cont'd)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current (cont'd)				
Total trade and other receivables	84,475	49,493	95,516	67,648
Add: Deposits with licensed banks and financial institutions with maturity of more than 3 months and restricted for use (Note 13)	2,548	2,509	-	-
Add: Cash and cash equivalents (Note 13)	56,653	53,774	8,351	13,926
Less: GST input recoverable	(437)	(558)	-	-
Total financial assets at amortised costs	143,239	105,218	103,867	81,574

(a) Trade receivables

The Group's and the Company's normal trade credit terms range from 7 to 60 days (2018: 7 to 60 days) and 60 days (2018: 60 days) respectively. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or a group of debtors.

Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Neither past due nor impaired	4,619	2,323	500	-
1 to 30 days past due not impaired	58	373	-	-
31 to 60 days past due not impaired	876	424	209	-
61 to 90 days past due not impaired	2,377	144	44	-
More than 91 days past due not impaired	536	2,196	-	-
	3,847	3,137	253	-
Impaired trade receivables	122	84	-	-
	8,588	5,544	753	-

The total trade receivables are unsecured in nature.

11. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables (cont'd)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The receivables that are past due but not impaired are mainly related to the progress billings to be settled by the end-purchasers/financiers. However, the Directors are of the opinion that these debts should be realised in full without material losses in the ordinary course of business as the legal title to the properties sold remain with the Group until the purchase consideration is fully settled.

Receivables that are past due and impaired

The Group's trade receivables that are individually impaired at the reporting date and the movement of the accumulated impairment losses is as follows:

	Group	
	2019 RM'000	2018 RM'000
Trade receivables - nominal amount	987	839
Less : Accumulated impairment losses	(122)	(84)
	865	755
At 1 April 2018/2017	-	-
Effects of adoption of MFRS framework (Note 38)	(84)	-
As restated	(84)	-
Charge for the financial year (Note 25)	(44)	(84)
Write back impairment losses (Note 21)	6	-
At 31 March 2019/2018	(122)	(84)

Trade receivables that are individually determined to be impaired at the end of the financial year relate to debtors that have significant financial difficulties and have defaulted on payments. These receivables are partly secured by cash deposits.

(b) Other receivables

Other receivables that are impaired

At the reporting date, the Group has provided an allowance of RM4,756,000 (2018: RM6,188,000) for impairment on the amount due from previous stockbroking clients and RM1,661,000 (2018: RM1,420,000) for impairment on sundry receivables and amount due from associate. The Company has provided an allowance of RM1,004,000 (2018: RM1,004,000) for impairment on amount due from associate and RM439,000 (2018: RM439,000) for impairment on the amount due from a subsidiary.

11. Trade and other receivables (cont'd)

(b) Other receivables (cont'd)

Other receivables that are impaired (cont'd)

The amounts due from previous stockbroking clients represent amounts receivable from margin clients and non-margin clients prior to the disposal of the Group's stockbroking business in prior years and are partly collateralised by quoted shares.

Sundry receivables are unsecured, non-interest bearing and repayable on demand.

Movements in allowance accounts

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other receivables:				
At 1 April 2018/2017	(7,608)	(7,796)	(1,443)	(1,443)
Impairment losses (Note 25)	(346)	-	-	-
Write back impairment for doubtful debts (Note 21)	104	120	-	-
Written off	1,433	68	-	-
At 31 March 2019/2018	(6,417)	(7,608)	(1,443)	(1,443)

(c) Due from subsidiaries and an associate

The amounts due from subsidiaries and an associate are non-trade in nature. These amounts are unsecured, non-interest bearing and are repayable on demand.

The amount due from an associate is provided for in full as disclosed in Note 11(b).

(d) Contract assets in respect of property development

	Group	
	2019 RM'000	2018 RM'000
Property development	25,582	39,523

12. Short term investments

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Fair value through profit or loss				
Investments in unit trust fund	21,479	44,841	18,739	42,272

13. Cash and cash equivalents

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash at banks and on hand	38,969	20,420	1,509	360
Short term deposits with:				
Licensed banks	4,141	10,859	-	-
Financial institutions	16,091	25,004	6,842	13,566
Total cash and bank balances	59,201	56,283	8,351	13,926
Less: Deposits with licensed banks and financial institutions with maturity of more than 3 months	(2,548)	(2,509)	-	-
Cash and cash equivalents	56,653	53,774	8,351	13,926

Included in cash at banks of the Group are amounts of RM15,510,000 (2018: RM12,123,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

Included in cash at banks of the Group is an amount of RM14,130,000 (2018: RM3,362,000) pledged to financial institutions for credit facilities granted to a number of subsidiaries as disclosed in Note 16(b) and (d).

Short term deposits with licensed banks and financial institutions of the Group and of the Company amounting to RM11,927,000 (2018: RM15,508,000) and RM538,000 (2018: 1,065,000) respectively are pledged to licensed banks and financial institutions for credit facilities granted to the Company and subsidiary companies as disclosed in Note 16(a), (b), and (d) and as securities for performance guarantees given to third parties.

The weighted average effective interest rates of short term deposits at the reporting date are as follows:

	Group 2019 %	Group 2018 %	Company 2019 %	Company 2018 %
Licensed banks	2.88	2.67	-	-
Financial institutions	3.25	3.32	3.23	3.33

13. Cash and cash equivalents (cont'd)

The average maturities of short term deposits as at the end of the financial year are as follows:

	Group		Company	
	2019 Days	2018 Days	2019 Days	2018 Days
Licensed banks	215	85	-	-
Financial institutions	18	22	11	19

14. Share capital

Group and Company:	Note	Number of Ordinary shares 2019 '000	2018 '000	Amount 2019 RM'000	2018 RM'000
Issued and fully paid:					
At 1 April 2018/2017		1,031,960	992,564	209,943	202,064
Conversion of ICULS	(a)	5,167	39,396	1,034	7,879
At 31 March 2019/2018		1,037,127	1,031,960	210,977	209,943

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company residual assets.

(a) Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

On 26 May 2017, a total of 99,256,461 RM1.00 nominal value 5-year 3% ICULS have been issued and alloted to the shareholders on the basis of one ICULS for every ten ordinary shares of the Company, together with 198,512,922 free new detachable warrants to be issued on the basis of two warrants for each ICULS subscribed.

During the financial year, the Company increased its issued and paid-up share capital from RM209,943,230 comprising 1,031,960,110 ordinary shares to RM210,976,630 comprising 1,037,127,110 ordinary shares as a result of the conversion of 1,033,400 RM1.00 nominal value 5-year 3% ICULS into 5,167,000 new ordinary shares on the basis of one RM1.00 nominal value of ICULS for five new ordinary shares of the Company.

The salient features of the ICULS issued are as follows:

(i) The coupon rate for the ICULS is 3% per annum, payable on an annual basis in arrears.

(ii) The conversion price for the ICULS is fixed at RM1.00 where one ICULS will be converted into five new ordinary shares of the Company and the new ordinary shares to be issued rank pari passu with the then existing shares.

14. Share capital (cont'd)

(a) Irredeemable Convertible Unsecured Loan Stocks ("ICULS") (cont'd)

The salient features of the ICULS issued are as follows (cont'd.):

(iii) Each registered holder of the ICULS shall have the right at any time from the issuance date to not later than the maturity date of 25 May 2022 to convert such nominal value of ICULS held into fully-paid up new ordinary shares of the Company.

(iv) Any ICULS not converted by the maturity date will be mandatorily converted into new ordinary shares of the Company on the maturity date.

The residual value, after deducting the fair value of liability component of ICULS and warrants, is attributed to the equity component as follows:

	Equity component of ICULS RM'000 (Note 15)	Warrants reserve RM'000 (Note 15)	Liability component of ICULS RM'000 (Note 16)	Total RM'000
At 1 April 2018	77,726	978	11,427	90,131
Interest expense on ICULS (Note 24)	-	-	640	640
Adjustment to ICULS Liability	-	-	609	609
Coupon payment	-	-	(2,741)	(2,741)
Conversion of ICULS	(879)	-	(131)	(1,010)
At 31 March 2019	76,847	978	9,804	87,629
At the date of issuance of ICULS	85,669	993	12,594	99,256
Transaction cost	(1,241)	(15)	(182)	(1,438)
Conversion of ICULS	(6,702)	-	(985)	(7,687)
At 31 March 2018	77,726	978	11,427	90,131

Pursuant to the Malaysian Code on Take-Overs and Mergers 2016 and the Rules on Take-Overs, Mergers and Compulsory Acquisitions ("Rules"), the Company would like to disclose the following:

(i) The details of the exemption granted, including the duration for which the exemption has been granted:

On 26 January 2017, Mr. Mah Sau Cheong and his spouse, Ms. Chin Lai Kuen had submitted an application to Securities Commission Malaysia ("SC") for the exemption from the obligation to undertake a mandatory take-over offer for all the ordinary shares of RM0.20 each in Asian Pac Holdings Berhad ("Asian Pac"), convertible securities and new Asian Pac Shares to be issued pursuant to the conversion of ICULS and/or the exercise of the warrants not held by Mr. Mah Sau Cheong and his spouse, Ms. Chin Lai Kuen, pursuant to Section 219 of the Capital Market and Services Act 2007 and Paragraph 4.08(1)(C) of the Rules issued on 15 August 2016.

On 14 February 2017, the SC had granted the approval on the exemption and the duration for the exemption granted is from 26 May 2017 to 25 May 2022.

14. Share capital (cont'd)

(a) Irredeemable Convertible Unsecured Loan Stocks ("ICULS") (cont'd)

Pursuant to the Malaysian Code on Take-Overs and Mergers 2016 and the Rules on Take-Overs, Mergers and Compulsory Acquisitions ("Rules"), the Company would like to disclose the following (cont'd):

(ii) The number and percentage of voting shares or voting rights and the conversion or subscription rights or options in Asian Pac held by Mr. Mah Sau Cheong and Ms. Chin Lai Kuen as at latest practicable date prior to the disclosure are as below:

Name	Number of ordinary shares held '000	% of issued capital %	Number of ICULS '000	Number of warrants '000
As at 5 July 2019				
Mah Sau Cheong	182,069	17.56%	58,800	117,601
Chin Lai Kuen	5,260	0.51%	-	-
Total	187,329	18.07%	58,800	117,601

(iii) The maximum potential voting shares or voting rights of Mr. Mah Sau Cheong and Ms. Chin Lai Kuen in Asian Pac, if only Mr. Mah Sau Cheong and Ms. Chin Lai Kuen (but not other holders) exercise the conversion or subscription rights or options in full are as below:

Name	Number of ordinary shares held '000	% of issued capital %
Mah Sau Cheong	593,672	36.96%
Chin Lai Kuen	5,260	0.33%
Total	598,932	37.29%

15. Other reserves

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Merger reserve	(a)	-	-	78,000	78,000
Fair value adjustment reserve	(b)	486	1,093	159	358
Revaluation reserve	(c)	916	-	-	-
Equity component of ICULS	14(a)	76,847	77,726	76,847	77,726
Warrants reserve	14(a), (d)	978	978	978	978
		79,227	79,797	155,984	157,062

Movements in reserves are shown in the respective statements of changes in equity.

15. Other reserves (cont'd)

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

(a) Merger reserve

The premium on shares issued in respect of the acquisition of BH Builders Sdn. Bhd. in the financial year ended 31 March 1996 had been credited to the merger reserve.

(b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale investments until they are disposed off or impaired.

(c) Revaluation reserve

During the financial year, a subsidiary's leasehold land and building was reclassified to investment property because there was a change in the use of the property. The Group used the revaluation model, whereby the subsidiary's leasehold land and building were revalued at fair value at the date of transfer to investment property, resulting in a revaluation surplus of RM916,000 (Note 3).

(d) Warrants reserve

On 26 May 2017, the Company issued 198,512,922 free detachable warrants in conjunction with right issue of ICULS on the basis of two free detachable warrants for each ICULS subscribed as disclosed in Note 14(a).

The amount represents the fair value of the detachable warrants and net of the share of transaction cost arising from the right issue of ICULS.

16. Loans and borrowings

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Current					
Secured:					
Floating rate term loans	(a)	772	744	-	-
Islamic financing	(b)	26,366	18,728	-	-
Overdraft	(c)	20,093	958	-	-
Revolving credit	(d)	75,000	60,860	25,000	25,000
Obligation under finance leases	(e)	246	416	39	115
		122,477	81,706	25,039	25,115

16. Loans and borrowings (cont'd)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current					
Secured:					
Floating rate bridging and term loans	(a)	6,340	23,050	-	-
Islamic financing	(b)	198,335	225,317	-	-
Obligation under finance leases	(e)	193	439	-	39
ICULS	(f)	9,804	11,427	9,804	11,427
		214,672	260,233	9,804	11,466
Total loans and borrowings		337,149	341,939	34,843	36,581

The remaining maturities of the loans and borrowings are as follows:

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
On demand and within 1 year	122,477	81,706	25,039	25,115
More than 1 year and less than 2 years	28,177	33,572	-	39
More than 2 years and less than 5 years	82,941	96,850	9,804	11,427
More than 5 years	103,554	129,811	-	-
	337,149	341,939	34,843	36,581

(a) Floating rate bridging and term loans

The floating rate bridging and term loans are obtained for development projects of the Company's wholly-owned subsidiary company, BH Realty Sdn. Bhd. and for the financing of acquisition of investment properties by wholly-owned subsidiary, AGB Properties Sdn. Bhd. These bridging and term loans bear an average interest rate of 5.95% to 7.03% (2018: 5.29% to 6.13%) per annum. These are secured by charges over the Group's leasehold property as well as development costs as disclosed in Note 4(b), certain leasehold properties as disclosed in Note 5, certain short term deposits as disclosed in Note 13 and corporate guarantee provided by the Company amounting to RM7,112,000 (2018: RM23,794,000). The bridging and term loan of BH Realty Sdn. Bhd. was fully settled in the financial year (2018: RM16,049,000).

16. Loans and borrowings (cont'd)

(b) Islamic financing

Islamic financing is obtained for refinancing of the investment properties of wholly-owned subsidiary, Syarikat Kapasi Sdn. Bhd., working capital of a wholly-owned subsidiary, BH Realty Sdn. Bhd., for financing of acquisition of investment properties by wholly-owned subsidiary, BH Builders Sdn. Bhd. and for development project of Taman Bestari Sdn. Bhd. It bears an average interest rate of 4.64% to 7.21% (2018: 5.72% to 6.97%) per annum. It is secured by charges over the Group's leasehold property as well as development costs as disclosed in Note 4(b), leasehold properties as disclosed in Note 5, certain short term deposits and bank balances as disclosed in Note 13, lease proceeds from an operating lease as disclosed in Note 29 and corporate guarantee provided by the Company amounting to RM232,131,000 (2018: RM250,971,000).

(c) Overdraft

Overdraft is obtained for development project of the Company's wholly-owned subsidiary, BH Realty Sdn. Bhd. and for working capital of wholly-owned subsidiary, Syarikat Kapasi Sdn. Bhd.. The overdraft bears an average interest rate of 7.46% to 7.85% (2018: 7.63%) per annum. It is secured by the Group's leasehold property as well as development cost as disclosed in Note 4(b), leasehold properties as disclosed in Note 5 and corporate guarantee provided by the Company amounting to RM20,093,000 (2018: RM958,000).

(d) Revolving credit

Revolving credits are obtained for the working capital of the Company and the Company's wholly-owned subsidiaries, BH Realty Sdn. Bhd. and Syarikat Kapasi Sdn. Bhd.. These revolving credits bear an average interest rate of 6.1% to 8.54% (2018: 5.98% to 7.85%) per annum. They are secured by charges over the Group's long term leasehold land as disclosed in Note 4(a), certain investment properties as disclosed in Note 5, certain inventories of completed properties as disclosed in Note 4(c), certain short term deposits and cash balances as disclosed in Note 13 and corporate guarantee provided by the Company amounting to RM50,000,000 (2018: RM35,860,000).

(e) Obligation under finance leases

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Future minimum lease payments:				
Within and up to 1 year	260	444	39	118
After 1 and up to 2 years	116	260	-	39
After 2 and up to 5 years	85	201	-	-
	461	905	39	157
Less: Future finance charges	(22)	(50)	-	(3)
Present value of future minimum lease payments	439	855	39	154

16. Loans and borrowings (cont'd)

(e) Obligation under finance leases (cont'd)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Present value of finance lease liabilities:				
Within and up to 1 year	246	416	39	115
After 1 and up to 2 years	110	247	-	39
After 2 and up to 5 years	83	192	-	-
Present value of finance lease liabilities	439	855	39	154
Analysed as:				
Due within 12 months	246	416	39	115
Due after 12 months	193	439	-	39
	439	855	39	154

The hire purchase payables bear interest between 1.51% to 2.58% (2018: 1.51% to 2.58%) per annum.

These obligations are secured by a charge over the leased assets (Note 3(c)).

(f) ICULS

The amount represents the liability portion of ICULS net of transaction cost as disclosed in Note 14(a).

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31 MARCH 2019
(CONT'D)

16. Loans and borrowings (cont'd)

(g) Changes in liabilities and ICULS arising from financing activities

		Movements				
		Cash flows		Non-cash changes		
	1 April 2018 RM'000	Principal movement RM'000	Interest paid RM'000	Interest cost RM'000	Others RM'000	31 March 2019 RM'000
Group						
Non-current interest-bearing loans and borrowings	248,367	(16,825)	(15,488)	16,490	(27,869)	204,675
Non-current obligations under finance lease liabilities	439	-	-	-	(246)	193
Current interest-bearing loans and borrowings	81,290	14,579	(5,868)	6,980	25,250	122,231
Current obligations under finance lease liabilities	416	(416)	(28)	28	246	246
ICULS	11,427	-	(2,741)	640	478	9,804
	341,939	(2,662)	(24,125)	24,138	(2,141)	337,149

The 'Others' column includes the effect of reclassification of non-current to current of interest-bearing loans and borrowings, reclassification of non-current to current of obligations under finance lease liabilities, the effect of accrued interest on interest bearing loans and borrowings, conversion of ICULS and adjustment to ICULS liability.

16. Loans and borrowings (cont'd)

(g) Changes in liabilities and ICULS arising from financing activities (cont'd)

		Movements				
		Cash flows		Non-cash changes		
	1 April 2018 RM'000	Principal movement RM'000	Interest paid RM'000	Interest cost RM'000	Others RM'000	31 March 2019 RM'000
Company						
Non-current obligations under finance lease liabilities	39	-	-	-	(39)	-
Current interest-bearing loans and borrowings	25,000	-	(2,123)	2,135	(12)	25,000
Current obligations under finance lease liabilities	115	(115)	(3)	3	39	39
ICULS	11,427	-	(2,741)	640	478	9,804
	36,581	(115)	(4,867)	2,778	466	34,843

The 'Others' column includes the effect reclassification of non-current to current of obligations under finance lease liabilities, the effect of accrued interest on interest bearing loans and borrowings, conversion of ICULS and adjustment to ICULS liability.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019
(CONT'D)

17. Trade and other payables

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Current				
Trade payables				
Third parties	25,518	25,873	456	-
Trade accruals	15,528	22,908	-	-
	41,046	48,781	456	-
Other payables				
Deposits from property purchasers	732	1,121	-	-
Deposits from tenants	6,698	5,935	-	-
Interest payables	1,656	2,915	281	2,597
Accruals	2,472	5,216	247	223
Purchase consideration payable for the acquisition of a subsidiary (Note 7(b))	1,400	-	1,400	-
GST output payable	-	251	-	26
Service tax payable	296	-	-	-
Due to subsidiaries	-	-	7,548	-
Others	2,022	3,285	4	17
	15,276	18,723	9,480	2,863
	56,322	67,504	9,936	2,863
Non-current				
Trade payables				
Retention sum payable	4,677	5,984	-	-
Other payables				
Deposits from tenants	12,290	11,148	-	-
Purchase consideration payable for the project land acquisition	23,178	-	-	-
Purchase consideration payable for the acquisition of a subsidiary	14,897	-	14,897	-
	50,365	11,148	14,897	-
	55,042	17,132	14,897	-
Total trade and other payables	111,364	84,636	24,833	2,863
Less: GST output payable	-	(251)	-	(26)
Less: Service tax payable	(296)	-	-	-
Add: Loans and borrowings (Note 16)	337,149	341,939	34,843	36,581
Total financial liabilities carried at amortised cost	448,217	426,324	59,676	39,418

17. Trade and other payables (cont'd)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranges from 30 to 60 days (2018: 30 to 60 days).

18. Provisions

	Group Provision for property development obligations	
	2019 RM'000	2018 RM'000
Non-current		
At 1 April	2,554	-
Additions	291	2,554
Accretion of long term provision	109	-
At 31 March	2,954	2,554
Current		
At 1 April	14,351	-
Additions	46	14,351
At 31 March	14,397	14,351
Total non-current provision	17,351	16,905

The provisions relate to provision for property development obligations of RM17 million (2018: RM17 million).

19. Revenue

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contract with customers	78,776	132,284	3,807	2,079
Revenue from other sources:				
Interest income	450	247	450	247
Rental income (Note 5)	65,185	53,663	-	-
Dividend income from subsidiaries	-	-	1,750	6,300
	144,411	186,194	6,007	8,626

19. Revenue (cont'd)

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Disaggregation of the revenue from contract with customers:				
Type of goods and services				
Sale of development properties	61,515	109,514	-	-
Sale of building materials	1,069	-	1,069	-
Sale of inventories of completed properties	6,271	14,149	-	-
Car park operations	9,871	8,621	-	-
Property management income	50	-	-	-
Management fees from subsidiaries	-	-	2,738	2,079
	78,776	132,284	3,807	2,079
Geographical market				
Malaysia	78,776	132,284	3,807	2,079
Timing of revenue recognition				
- at a point in time	17,261	22,770	3,807	2,079
- over time	61,515	109,514	-	-
	78,776	132,284	3,807	2,079

20. Cost of sales

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Property development costs (Note 4(b))	42,342	72,221	-	-
Cost of building materials	954	-	954	-
Car park operations	3,353	2,288	-	-
Cost of inventories sold (Note 4(c))	4,238	10,413	-	-
Property management operation costs	21,181	16,892	-	-
Others	116	200	-	-
	72,184	102,014	954	-

21. Other income

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Administration charges	123	149	-	-
Gain on changes in fair value of investment properties (Note 5)	46,150	35,302	-	-
Gain on disposal of property, plant and equipment	-	90	-	-
Gain on disposal of quoted investments	-	17	-	17
Net gain on disposal of investment property	644	-	-	-
Liquidated damages received	-	455	-	-
Other interest income	1,160	1,733	-	-
Overdue interest income	101	548	-	-
Purchasers' deposit forfeited	167	276	-	-
Gain on fair value adjustments of financial assets at fair value through profit or loss	171	1,660	-	1,491
Reversal of impairment loss on investment in subsidiaries (Note 7(a))	-	-	7	163
Unwinding of discount/write back accruals	5,970	1,141	5,488	-
Write back impairment for doubtful debts (Note 11(a),(b))	110	120	-	-
Miscellaneous income	1,148	435	-	-
	55,744	41,926	5,495	1,671

22. Employee benefits expense

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Wages and salaries	14,248	14,206	2,399	2,208
Contributions to defined contribution plan	1,954	1,886	502	460
Social security contributions	108	97	4	4
Other employee benefits	958	1,083	62	44
	17,268	17,272	2,967	2,716

Included in employee benefits expense of the Group and of the Company are executive Directors' remuneration amounting to RM2,499,000 (2018: RM2,692,000) and RM1,929,000 (2018: RM1,766,000) respectively as further disclosed in Note 23.

23. Directors' remuneration

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Executive Directors' remuneration:				
Salaries and other emoluments	2,499	2,692	1,929	1,766
Non-executive Directors' remuneration (Note 25):				
Fees and other emoluments	295	301	146	156
Total Directors' remuneration	2,794	2,993	2,075	1,922

The details of the remuneration received/receivable by Directors of the Group and the Company during the year are as follows:

	Salary and other emoluments RM'000	Fees RM'000	Bonus RM'000	Total RM'000
At 31 March 2019				
Executive				
Dato' Mustapha bin Buang	1,628	-	301	1,929
Dr. Yu Tat Loong*	470	-	100	570
	2,098	-	401	2,499
Non-executive				
Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas*	5	144	-	149
Tan Siew Poh	5	60	-	65
Soon Dee Hwee	5	60	-	65
Sherman Lam Yuen Suen	1	15	-	16
	16	279	-	295
	2,114	279	401	2,794

* The above Director's remuneration was paid by subsidiary companies.

23. Directors' remuneration (cont'd)

The details of the remuneration received/receivable by Directors of the Group and the Company during the year are as follows (cont'd):

	Salary and other emoluments RM'000	Fees RM'000	Bonus RM'000	Total RM'000
At 31 March 2018				
Executive				
Dato' Mustapha bin Buang	1,565	-	201	1,766
Dr. Yu Tat Loong*	785	-	141	926
	2,350	-	342	2,692
Non-executive				
Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas*	5	140	-	145
Dato' Mohamed Salleh bin Bajuri	3	27	-	30
Tan Siew Poh	5	58	-	63
Soon Dee Hwee	5	58	-	63
	18	283	-	301
	2,368	283	342	2,993

* The above Director's remuneration was paid by subsidiary companies.

The number of Directors of the Group and the Company whose total remuneration during the financial year fall within the following bands are analysed below:

	2019	2018
Executive Directors:		
RM 550,001 - RM 750,000	1	-
RM 750,001 - RM 950,000	-	1
RM1,750,001 - RM1,950,000	1	1
Non-executive Directors:		
Below RM50,000	1	1
RM50,001 - RM100,000	2	2
RM100,001 - RM150,000	1	1

24. Finance costs

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expense on:				
Hire purchase	28	42	3	6
Bank borrowings	23,921	23,540	2,135	2,700
ICULS	640	2,328	640	2,328
Unwinding of discount	498	1,461	-	-
	25,087	27,371	2,778	5,034
Less:				
Interest expense capitalised under:				
Property development costs in respect of qualifying assets (Note 4(b))	(1,009)	(1,194)	-	-
	24,078	26,177	2,778	5,034

25. Profit/(loss) before tax

The following amounts have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Employee benefits expense (Note 22)	17,268	17,272	2,967	2,716
Non-executive Directors' remuneration (Note 23)	295	301	146	156
Auditors' remuneration				
- statutory audit	345	340	62	60
- other services	44	7	44	7
- (over)/under provision in prior year	-	(1)	-	2
Depreciation of property, plant and equipment (Note 3)	2,937	2,325	130	129
Loss on fair value adjustments of financial assets at fair value through profit or loss	85	-	85	-
Provision for liquidated ascertained damages	-	9,023	-	-
Impairment on:				
- investment in subsidiaries (Note 7(a))	-	-	3,169	5,541
- intangible asset (Note 6)	58	192	-	-
- trade and other receivables (Note 11(a), (b))	390	84	-	-
Rental of land and buildings (Note 29(b))	973	853	-	-

26. Income tax expense/(benefit)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Statement of profit or loss				
Income tax:				
Current year tax expense	2,882	10,427	-	-
(Over)/under provision in prior years	(1,366)	(395)	-	125
	1,516	10,032	-	125
Deferred tax (Note 10):				
Relating to origination and reversal of temporary differences	20,595	10,732	(6)	(3)
Under/(over) provision in prior years	65	581	-	(3)
	20,660	11,313	(6)	(6)
Total income tax expense/ (benefit)	22,176	21,345	(6)	119

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

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 March 2019 and 2018 are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit/(loss) before tax	74,860	68,885	625	(4,572)
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	17,966	16,532	150	(1,097)
Income not subject to tax	(6,986)	(1,518)	(1,376)	(1,965)
Expenses not deductible for tax purposes	802	7,747	1,181	2,683
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	-	(93)	-	-
Deferred tax liabilities/(assets) recognised	11,388	(96)	-	-

26. Income tax expense/(benefit) (cont'd)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 March 2019 and 2018 are as follows (cont'd):

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deferred tax assets not recognised in respect of current year's unutilised tax losses and unabsorbed capital allowances	307	406	39	376
Deferred tax assets recognised in respect of current year's unutilised tax losses and unabsorbed capital allowances	-	(1,819)	-	-
(Over)/under provision of income tax expense in prior years	(1,366)	(395)	-	125
Under/(over) provision of deferred tax in prior years	65	581	-	(3)
Tax expense/(benefit) for the year	22,176	21,345	(6)	119

27. Earnings per share

(a) Basic

Basic earnings per share ("EPS") amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, before and after mandatory conversion of ICULS, held by the Company.

	Group	
	2019	2018
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	52,686	47,420
Weighted average number of ordinary shares in issue ('000)	1,035,985	1,017,521
Assumed full conversion of ICULS ('000)	451,720	456,887
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,487,705	1,474,408
Basic EPS attributable to ordinary equity holders of the Company		
- Before mandatory conversion of ICULS (sen)	5.1	4.7
- After mandatory conversion of ICULS (sen)	3.5	3.2

27. Earnings per share (cont'd)

(b) Diluted

For the purpose of calculating diluted EPS, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the current financial year have been adjusted for the dilutive effects of all potential ordinary shares.

	Group	
	2019	2018
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	52,686	47,420
Weighted average number of ordinary shares in issue ('000)	1,035,985	1,017,521
Effects of dilution:		
Assumed full conversion of ICULS ('000)	451,720	456,887
Assumed exercise of warrants*	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,487,705	1,474,408
Diluted EPS attributable to ordinary equity holders of the Company after mandatory conversion of ICULS (sen)	3.5	3.2

* The assumed exercise of warrants at average market price in the current financial year would be anti-dilutive in nature. Accordingly, it is disregarded in the computation of the diluted earnings per share.

28. Dividends

The Directors do not recommend the payment of any dividend in respect of the current financial year.

29. Operating lease commitments

(a) Group as lessor

On 15 December 2004, the Group entered into a Lease Agreement ("the Agreement") with Magnificent Diagraph Sdn. Bhd. ("MDSB"), a company incorporated in Malaysia, for the lease of one long term leasehold land measuring approximately 6.265 acres as described in Note 5.

Amongst the salient terms of the Agreement are as follows:

(a) the Group agrees to lease the long term leasehold land to MDSB for a period of 30 years commencing within one month from the date at which all conditions precedent in the Agreement have been fulfilled ("the Commencement Date");

(b) The lease is provided for the purpose of the erection and construction and subsequent use by MDSB thereon for a hypermarket facility;

29. Operating lease commitments (cont'd)

(a) Group as lessor (cont'd)

Amongst the salient terms of the Agreement are as follows (cont'd):

(c) MDSB shall pay to the Group an amount of RM474,846 as deposit;

(d) The amount of rental payable by MDSB to the Group shall be calculated as follows:

(i) RM0.145 per square foot per month during the construction period;

(ii) RM0.29 per square foot per month commencing from the day immediately following the expiry of the construction period to the expiry of a period of three years commencing from the Commencement Date; and

(iii) Thereafter, at the end of every period of three years each, the first of which shall commence from the Commencement Date, the rental shall be increased at the rate of 7% of the rental of the preceding three years period.

(e) Notwithstanding anything in the Agreement, MDSB shall be entitled to lawfully terminate the Agreement at any time prior to the expiry of three years each, the first such three years period to commence from the date of the Agreement, without compensation or liability to the Group and the Group shall refund MDSB the deposit as described in item (c) above.

On 8 November 2005, all conditions precedent in the Agreement were fulfilled.

The lease proceeds from operating lease have been charged to financial institution as securities for the facilities granted to the Group, as disclosed in Note 16(b).

In addition to the above, the Group has entered into commercial property leases on its investment properties. These leases have remaining lease terms of between one to three years with renewal option included in the contracts.

Future minimum rentals receivable under non-cancellable operating leases that are between one to three years at the reporting date are as follows:

	Group	
	2019 RM'000	2018 RM'000
Not later than 1 year	51,791	42,438
Later than 1 year but not later than 3 years	52,058	64,856
	103,849	107,294

29. Operating lease commitments (cont'd)

(b) Group as lessee

The Group has entered into commercial leases with third parties for the rental of office and residential premises. The leases have a tenure of one to three years with renewal option included in the contracts.

Minimum lease payments recognised in profit or loss for the financial year ended 31 March 2019 amounted to RM973,000 (2018: RM853,000) (Note 25).

Future minimum rentals payable at the reporting date are as follows:

	Group	
	2019 RM'000	2018 RM'000
Not later than 1 year	844	960
Later than 1 year but not later than 5 years	178	581
	1,022	1,541

30. Contingent liabilities

Upon adoption of MFRS 9, the financial guarantees provided to financiers for related companies are no longer disclosed as contingent liabilities but would instead be recorded as financial liabilities if considered likely to crystallise. The Group has assessed the financial guarantee contracts and concluded that the crystallisation of these guarantees is remote.

31. Significant events

(a) Proposed acquisition of five parcels of leasehold lands in Mukim Petaling, Daerah Petaling, Selangor

BH Builders Sdn. Bhd. ("BHB"), a wholly-owned subsidiary of the Company had on 25 May 2018 entered into a conditional Sale and Purchase Agreement with Jiwa Murni Sdn. Bhd. ("Vendor") to acquire five parcels of leasehold lands in Mukim Petaling, Daerah Petaling, Selangor measuring approximately 74 acres in total for a total cash consideration of RM300,000,000. The Company had obtained the approval of the shareholders at the extraordinary general meeting held on 21 September 2018. The proposed acquisition is subject to the following approvals to be obtained:

(i) the relevant State Consent to transfer the Lands from the Vendor to BHB; and

(ii) any other relevant authorities/parties, if required (Note 31(b)).

As at reporting date, the Company has paid RM30,000,000 (Note 11) as deposit and part payment towards the purchase price to the vendor.

31. Significant events (cont'd)

(b) Proposed acquisition of Loan Assets from Prokhas Assets Sdn. Bhd. by AGB Properties Sdn. Bhd. ("AGB")

Under condition precedent 1(b) of agreement between BHB and Vendor, it was highlighted that creditors' approval must be obtained to facilitate the acquisition of the land (Note 31 (a)(ii)) because the land was pledged as a security under Kuala Lumpur Industries Holdings Berhad ("KLIH"), the holding Company of Jiwa Murni, that is under liquidation.

Under Danaharta Act, Prokhas Asset Management Sdn. Bhd. ("Prokhas"), a private limited company wholly-owned by Minister of Finance has to purchase the non-performing loans from liquidating entities.

The Loan Assets under Prokhas have to be acquired and settled off in order for BHB to acquire the pledged lands. It has resulted in an agreement between AGB, a wholly-owned subsidiary of the Company and Prokhas to acquire the Loan Assets for purchase consideration sum of RM27,000,000 subject to the terms and conditions therein.

As at reporting date, AGB has paid RM3,800,000 (Note 11) as deposit and part payment towards the purchase price to Prokhas.

(c) Proposed acquisition of three parcels of leasehold land in Pekan Baru Sungai Buloh, Daerah Petaling, Selangor

Primadana Utama Sdn. Bhd. ("PU"), a wholly-owned subsidiary of the Company had on 31 July 2018 entered into a Heads of Agreement with Intagri Sdn. Bhd., Yow Peng Seng and Yow Tian Sak (as shareholders and/or Directors of Everest Pioneer Sdn. Bhd.) and Pelan Positif Sdn. Bhd. to acquire three parcels of leasehold land known as PN 75132 Lot 51437, PN 75133, Lot 51438 and PN 75139 Lot 51439 all of Pekan Baru Sungai Buloh, Daerah Petaling, Selangor for a total consideration of RM10,200,000. The completion of the proposed acquisition is subject to the fulfillment of the condition precedents.

As at reporting date, PU had fully paid the purchase consideration RM10,200,000 (Note 11).

32. Related party disclosures

(a) Related party transactions

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

	Group	
	2019 RM'000	2018 RM'000
Rental paid/payable to a company with common Director	687	687
Car park management revenue from a Group with common Director	328	-

	Company	
	2019 RM'000	2018 RM'000
Gross dividend income from subsidiaries	1,750	6,300
Management fees charged to subsidiaries	2,738	2,079

The above transactions with related companies were transacted at terms and conditions which were mutually agreed between the parties concerned.

Related companies refer to companies within the Asian Pac Holdings Group.

(b) Compensation by key management personnel

The Company defines key management personnel as its Directors whose remunerations are detailed in Note 23.

33. Fair value of financial instruments

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value:

	Note
Trade and other receivables	11
Loans and borrowings (current)	16
Trade and other payables	17

33. Fair value of financial instruments (cont'd)

Determination of fair value

The carrying amounts of trade and other receivables, trade and other payables and floating rate term loans are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

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

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Finance lease obligations

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

The fair value of all unexpired financial guarantees issued by the Company were deemed nil and were not recognised as financial liabilities, as based on the current and past repayment trends of the guaranteed parties, the likelihood of the guaranteed party defaulting within the guaranteed period were assessed to be remote (Note 16).

Fair value hierarchy

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, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

33. Fair value of financial instruments (cont'd)

Fair value hierarchy (cont'd)

For assets that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment properties.

Involvement of external valuers is decided upon annually by the senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Senior management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Senior management, in conjunction with the Group's external valuers, also compare each of the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

As at 31 March 2019 and 31 March 2018, the Group and the Company held the following assets carried at fair value in the statements of financial position:

	2019 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group				
Assets measured at fair value				
Non-current financial asset:				
Quoted shares in Malaysia	4,128	4,128	-	-
Investments in unit trust fund	21,479	21,479	-	-
Investment properties	1,319,614	-	207,800	1,111,814
Company				
Assets measured at fair value				
Non-current financial asset:				
Quoted shares in Malaysia	1,354	1,354	-	-
Investments in unit trust fund	18,739	18,739	-	-

33. Fair value of financial instruments (cont'd)

Fair value hierarchy (cont'd)

As at 31 March 2019 and 31 March 2018, the Group and the Company held the following assets carried at fair value in the statements of financial position (cont'd):

	2018 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group				
Assets measured at fair value				
Non-current financial asset:				
Quoted shares in Malaysia	4,735	4,735	-	-
Investments in unit trust fund	44,841	44,841	-	-
Investment properties	1,272,764	-	202,990	1,069,774
Company				
Assets measured at fair value				
Non-current financial asset:				
Quoted shares in Malaysia	1,553	1,553	-	-
Investments in unit trust fund	42,272	42,272	-	-

During the financial year ended 31 March 2019, there was no known transfers between Level 1, Level 2 and Level 3 fair value measurement while in last financial year, an investment property with carrying value of RM48,600,000 was transferred from Level 2 to Level 3 fair value measurements.

34. 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, interest rate risk, market price risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the abovementioned 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 other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

34. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

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. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is kept to the minimum.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- Corporate guarantee provided by the Company to banks or financial institutions on subsidiaries' bank loans and borrowings.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 11.

Credit risk concentration profile

The Group and the Company determine concentration of credit risk by monitoring the business segment of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	2019		2018	
Group	RM'000	% of total	RM'000	% of total
By business segments:				
Property development	6,249	73.8%	988	18.1%
Mall operations	1,376	16.3%	4,472	81.9%
Car park operations	88	1.0%	-	-
Trading of building materials	753	8.9%	-	-
	8,466	100%	5,460	100.0%

(b) Liquidity risk

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 exposures to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objectives are to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the reporting date, approximately 36% (2018: 24%) of the Group's loans and borrowings as disclosed in Note 16 will mature in less than one year based on the carrying amount reflected in the financial statements.

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(CONT'D)

34. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

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

2019	On demand or within one year RM'000	More than one year less than five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	56,322	55,042	-	111,364
Loans and borrowings	143,238	144,388	123,118	410,744
ICULS	-	9,804	-	9,804
Total undiscounted financial liabilities	199,560	209,234	123,118	531,912
Company				
Financial liabilities:				
Trade and other payables, excluding financial guarantees	9,936	14,897	-	24,833
Loans and borrowings	27,135	-	-	27,135
ICULS	-	9,804	-	9,804
Total undiscounted financial liabilities*	37,071	24,701	-	61,772

34. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

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 liabilities at the reporting date based on contractual undiscounted repayment obligations. (cont'd)

2018	On demand or within one year RM'000	More than one year less than five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	81,855	19,686	-	101,541
Loans and borrowings	103,255	180,803	155,937	439,995
ICULS	-	11,427	-	11,427
Total undiscounted financial liabilities	185,110	211,916	155,937	552,963
Company				
Financial liabilities:				
Trade and other payables, excluding financial guarantees	2,863	-	-	2,863
Loans and borrowings	27,081	11,466	-	38,547
ICULS	-	11,427	-	11,427
Total undiscounted financial liabilities*	29,944	22,893	-	52,837

* At the reporting date, the counterparty to the financial guarantees do not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of MFRS 9 are not included in the above maturity profile analysis.

(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 and the Company's exposure to interest rate risk arise primarily from the short term deposits and loans and borrowings.

34. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax arising as a result of lower/higher interest income on short term deposits and interest expense on floating rate loans and borrowings would have the following effects:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit net of tax	(320)	(206)	(25)	(9)

(d) Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to equity price risk arising from investment in quoted equity instruments in Malaysia and Singapore. These instruments are classified as available-for-sale financial assets. The Group and the Company do not have exposure to commodity price risk.

The Group's and the Company's exposure to market price risk are minimal as the Group's and the Company's investment in quoted equity instruments are small compared to its total assets.

(e) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has transactional currency exposure arising from amount due from an associate that is denominated in Indonesian Rupiah. The Company is also exposed to currency translation risk arising from its net investments in foreign operations.

The Company's exposure to foreign currency risk is minimal.

35. Capital management

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

The Group and the Company manage its capital structure and make adjustments to it, in light of changes in economic conditions or expansion plans of the Group and the Company. No changes were made in the objectives, policies or processes during the years ended 31 March 2019 and 31 March 2018.

35. Capital management (cont'd)

The Group's and the Company's policy is to maintain a sustainable gearing ratio to meet its existing requirements taking into consideration the facilities agreements entered into by the Group and the Company. The Group and the Company include within the net debt, loans and borrowings, hire purchase liabilities, trade and other payables, less other investment, short term deposits, cash and cash equivalents. Capital refers to equity attributable to owners.

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loans and borrowings	16	337,149	341,939	34,843	36,581
Trade and other payables	17	111,364	84,636	24,833	2,863
Less: Short term deposits	13	(2,548)	(2,509)	-	-
Cash and cash equivalents	13	(56,653)	(53,774)	(8,351)	(13,926)
Net debt		389,312	370,292	51,325	25,518
Equity attributable to the owners of the parent, representing total capital		1,046,978	993,836	514,594	514,015
Capital and net debt		1,436,290	1,364,128	565,919	539,533
Gearing ratio		27.1%	27.1%	9.1%	4.7%

36. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has 5 reportable operating segments as follows:

(a) Investment holding - holding of quoted and unquoted shares for capital investment purposes;
(b) Property development - development of residential and commercial properties;
(c) Land and office properties - rental and capital appreciation;
(d) Car park operations - operation of car park; and
(e) Mall operations - mall leasing and operation.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

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36. Segment information (cont'd)

	Investment holding and others 2019 RM'000	Investment holding and others 2018 RM'000	Property development 2019 RM'000	Property development 2018 RM'000	Property investment: Land and office properties 2019 RM'000	Property investment: Land and office properties 2018 RM'000	Property investment: Car park operations 2019 RM'000	Property investment: Car park operations 2018 RM'000	Property investment: Mall operations 2019 RM'000	Property investment: Mall operations 2018 RM'000	Adjustments and eliminations 2019 RM'000	Adjustments and eliminations 2018 RM'000	Note	Consolidated 2019 RM'000	Consolidated 2018 RM'000
Revenue:															
External customers	1,519	247	67,786	123,663	1,279	1,324	9,871	8,621	63,956	52,339	-	-		144,411	186,194
Inter-segment	4,489	8,379	6,840	-	7	7	241	-	21,528	20,820	(33,105)	(29,206)	A	-	-
Total revenue	6,008	8,626	74,626	123,663	1,286	1,331	10,112	8,621	85,484	73,159	(33,105)	(29,206)		144,411	186,194
Results:															
Interest income	450	247	802	1,682	7	-	20	10	331	41	-	-		1,610	1,980
Depreciation	135	135	1,700	1,661	11	11	60	59	1,031	459	-	-		2,937	2,325
Other non-cash expenses	-	-	110	672	-	-	-	-	389	789	-	-	B	499	1,461
Impairment of assets	3,266	5,557	273	201	-	-	-	-	42	75	(3,133)	(5,557)	C	448	276
Segment profit/ (loss)	7,948	3,110	(2,224)	16,557	47,418	36,153	5,840	6,039	22,420	15,073	(6,542)	(8,047)		74,860	68,885
Assets and liabilities:															
Additions to non-current assets	4	5	465	1,039	-	-	475	26	680	2,405	-	-		1,624	3,475
Segment assets	66,784	83,285	239,213	208,322	165,042	162,165	129,109	107,251	1,059,542	1,030,530	85,410	57,535	D	1,745,100	1,649,088
Segment liabilities	55,573	39,476	168,406	136,485	8,337	5,274	10,282	3,670	395,153	412,725	57,536	57,622	E	695,287	655,252

36. 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 upon consolidation.

B Other material non-cash expenses consist of the following items presented in the respective notes to the financial statements:

	Note	2019 RM'000	2018 RM'000
Unwinding of interest	24	498	146

C Impairment of assets consists of:

	Note	2019 RM'000	2018 RM'000
Impairment of intangible asset	6	58	192
Impairment on trade and other receivables	25	390	84
		448	276

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2019 RM'000	2018 RM'000
Land held for property development	53,644	53,644
Investment properties	4	4
Intangible asset	445	503
Property development costs	41,454	7,129
Inventories for completed properties	1,651	2,004
Accrued billings in respect of property development costs	(11,788)	(5,749)
	85,410	57,535

E The following items are (deducted from)/added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2019 RM'000	2018 RM'000
Deferred tax liabilities	57,536	57,622

Geographical segments

No geographical segment is prepared as the Group operates only in Malaysia.

37. Capital commitments

	2019 RM'000	2018 RM'000
Capital expenditure:		
Approved and contracted for:		
- Land	270,000	280,000
- Loan assets	23,200	-

38. Explanation of transition from FRS to MFRS

The reconciliation of financial position and equity, total comprehensive income and cashflows for comparative periods and of financial position and equity at the date of transition under FRS to those reported for these periods and as at the date of transition under the MFRS are provided below:

Reconciliation of statements of profit or loss

	As presented under FRS 31-Mar-18 RM'000	Adoption of MFRS Framework 31-Mar-18 RM'000	As presented under MFRS 31-Mar-18 RM'000
Revenue	192,071	(5,877)	186,194
Cost of sales	(95,714)	(5,877)	(101,591)
Gross profit	96,357	(11,754)	84,603
Other income	41,926	-	41,926
Employee benefits expense	(17,272)	-	(17,272)
Depreciation	(2,325)	-	(2,325)
Other expenses	(29,886)	18,016	(11,870)
Operating profit	88,800	6,262	95,062
Finance costs	(25,155)	(1,022)	(26,177)
Profit before tax	63,645	5,240	68,885
Income tax expense	(19,130)	(2,215)	(21,345)
Profit for the year	44,515	3,025	47,540
Profit/(loss) attributable to:			
Owners of the parent	44,395	3,025	47,420
Non-controlling interests	120	-	120
	44,515	3,025	47,540
Earnings per share attributable to owners of the parent (sen per share):			
Basic earnings per share			
Before mandatory conversion of ICULS	4.4		4.7
After mandatory conversion of ICULS	3.0		3.2
Diluted earnings per share	3.0		3.2

38. Explanation of transition from FRS to MFRS (cont'd)

Reconciliation of statements of other comprehensive income

	As presented under FRS 31-Mar-18 RM'000	Adoption of MFRS Framework 31-Mar-18 RM'000	As presented under MFRS 31-Mar-18 RM'000
Profit for the year	44,515	3,025	47,540
Other comprehensive loss:			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Fair value loss on financial assets at fair value through other comprehensive income	(133)	-	(133)
Total comprehensive income for the year	44,382	3,025	47,407
Total comprehensive income attributable to:			
Owners of the parent	44,262	3,025	47,287
Non-controlling interests	120	-	120
	44,382	3,025	47,407

38. Explanation of transition from FRS to MFRS (cont'd)

Reconciliation of statements of financial position

	As presented under FRS as at 31-Mar-18 RM'000	Adoption of MFRS Framework 31-Mar-18 RM'000	As presented under MFRS as at 31-Mar-18 RM'000
Assets			
Non-current assets			
Property, plant and equipment	10,280	-	10,280
Land held for property development	55,019	-	55,019
Investment properties	1,272,764	-	1,272,764
Intangible asset	503	-	503
Non-current financial asset	4,735	-	4,735
Prepayment	5,633	-	5,633
Deferred tax assets	97	(92)	5
	1,349,031	(92)	1,348,939
Current assets			
Property development costs	74,998	(1,378)	73,620
Inventories	30,380	(73)	30,307
Trade and other receivables	49,577	(84)	49,493
Contract assets in respect of property development	33,378	6,145	39,523
Accrued income	2,273	-	2,273
Prepayment	980	-	980
Tax recoverable	2,829	-	2,829
Short term investments	44,841	-	44,841
Short term deposits	2,509	-	2,509
Cash and cash equivalents	53,774	-	53,774
	295,539	4,610	300,149
Total assets	1,644,570	4,518	1,649,088

38. Explanation of transition from FRS to MFRS (cont'd)

Reconciliation of statements of financial position (cont'd)

	As presented under FRS as at 31-Mar-18 RM'000	Adoption of MFRS Framework 31-Mar-18 RM'000	As presented under MFRS as at 31-Mar-18 RM'000
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	209,943	-	209,943
Other reserves	79,797	-	79,797
Retained earnings	701,550	2,546	704,096
	991,290	2,546	993,836
Non-controlling interests	-	-	-
Total equity	991,290	2,546	993,836
Non-current liabilities			
Deferred tax liabilities	205,604	1,971	207,575
Trade and other payables	19,686	-	19,686
Loans and borrowings	260,233	-	260,233
	485,523	1,971	487,494
Current liabilities			
Loans and borrowings	81,706	-	81,706
Trade and other payables	81,855	-	81,855
Prepayment from tenants	751	-	751
Contract liabilities in respect of property development	-	-	-
Tax payable	3,446	-	3,446
	167,758	-	167,758
Total liabilities	653,281	1,971	655,252
Total equity and liabilities	1,644,571	4,517	1,649,088

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38. Explanation of transition from FRS to MFRS (cont'd)

Reconciliation of statements of financial position (cont'd)

	As presented under FRS as at 1-Apr-17 RM'000	Adoption of MFRS Framework 1-Apr-17 RM'000	As presented under MFRS as at 1-Apr-17 RM'000
Assets			
Non-current assets			
Property, plant and equipment	9,557	-	9,557
Land held for property development	54,613	-	54,613
Investment properties	1,269,902	-	1,269,902
Intangible asset	695	-	695
Non-current financial asset	4,878	-	4,878
Prepayment	6,637	-	6,637
Deferred tax assets	56	238	294
	1,346,338	238	1,346,576
Current assets			
Property development costs	78,256	(430)	77,826
Inventories	31,077	-	31,077
Trade and other receivables	25,265	-	25,265
Contract assets in respect of property development	33,059	(412)	32,647
Accrued income	4,497	-	4,497
Prepayment	1,942	-	1,942
Tax recoverable	2,614	-	2,614
Short term investments	-	-	-
Short term deposits	12,800	-	12,800
Cash and cash equivalents	60,114	-	60,114
	249,624	(842)	248,782
Total assets	1,595,962	(604)	1,595,358

38. Explanation of transition from FRS to MFRS (cont'd)

Reconciliation of statements of financial position (cont'd)

	As presented under FRS as at 1-Apr-17 RM'000	Adoption of MFRS Framework 1-Apr-17 RM'000	As presented under MFRS as at 1-Apr-17 RM'000
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	202,064	-	202,064
Other reserves	1,226	-	1,226
Retained earnings	657,347	(479)	656,868
	860,637	(479)	860,158
Non-controlling interests	(120)	-	(120)
Total equity	860,517	(479)	860,038
Non-current liabilities			
Deferred tax liabilities	196,355	197	196,552
Trade and other payables	27,445	-	27,445
Loans and borrowings	272,452	-	272,452
	496,252	197	496,449
Current liabilities			
Loans and borrowings	109,687	-	109,687
Trade and other payables	124,745	-	124,745
Prepayment from tenants	699	-	699
Contract liabilities in respect of property development	1,980	(212)	1,768
Tax payable	2,082	(110)	1,972
	239,193	(322)	238,871
Total liabilities	735,445	(125)	735,320
Total equity and liabilities	1,595,962	(604)	1,595,358

38. Explanation of transition from FRS to MFRS (cont'd)

Reconciliation of statements of cash flows

	As presented under FRS 31-Mar-18 RM'000	Adoption of MFRS Framework 31-Mar-18 RM'000	As presented under MFRS 31-Mar-18 RM'000
Net cash flows from operating activities	4,568	-	4,568
Net cash flows used in investing activities	(33,873)	-	(33,873)
Net cash flows from financing activities	22,965	-	22,965
Net decrease in cash and cash equivalents	(6,340)	-	(6,340)

39. Comparatives

Certain comparative figures have been reclassified to conform to current financial year's presentation.

LIST OF PROPERTIES HELD

AS AT 31 MARCH 2018

LOCATION	DESCRIPTION	EXISTING USE	TENURE	AGE OF BUILDING	AREA	NET BOOK VALUE RM'000	ACQUISITION/ COMPLETION/ VALUATION DATE
Title No. TL 17533505 Kota Kinabalu, Sabah	KKTS 2 - Mall	Retail Property & Car park operations	Leasehold expires : 31/12/2076	4	711,904 sq. ft.	1,104,464	28/03/2019
HSD 28646, Lot No. PT 4021, Mukim of Semenyih, District of Ulu Langat, Selangor	Land	Investment Property	Freehold	NA	91.37 acres	87,000	22/03/2019
Town Lease 017514617 Likas, District of Kota Kinabalu, Sabah	Land	Property under development	Leasehold expires : 22/12/2063	NA	1.85 acre	52,635	30/08/2018
H.S. (D) 157186, PT 23762, Mukim Labu, Daerah Seremban, Negeri Sembilan	Land	Vacant	Leasehold expires : 9/11/2102	N/A	399.84 acres	54,326	23/03/2006
PN 39178, Lot 63579 Mukim of Batu, Wilayah Persekutuan	Land	For Lease	Leasehold expires : 10/01/2087	N/A	5.68 acres	47,600	28/03/2019
Title No. TL 17540500 Kota Kinabalu, Sabah	Ground and basement carpark	Carpark operations	Leasehold Expires : 31/12/2080	11	114,039 sq. ft.	38,150	28/03/2019
H.S. (D) 153647, PT 43498 Mukim Sungai Buloh, Petaling, Selangor	Land	Property under development	Leasehold Expires : 29/10/2100	N/A	6.47 acres	27,839	26/03/2013
Country Lease No. 025314096 District of Papar, Sabah	Land	Property under development	Leasehold expires : 28/06/2924	N/A	16.57 acres	27,705	10/09/2015
PT 298, HS (D) 39196 Mukim Bandar Kundang, Gombak, Selangor	Land	Vacant	Leasehold expires : 24/1/2101	N/A	49.97 acres	24,300	18/03/2019
PN 39177, Lot No. 63582 Mukim of Batu, Wilayah Persekutuan	Land	Property under development	Leasehold expires : 10/01/2087	N/A	3 acres	22,003	11/01/1988

STATEMENT OF SECURITIES HOLDERS

ORDINARY SHARES AS AT 28 JUNE 2019

Issued and paid-up capital	:	RM210,976,630.00
No. of Holders	:	15,635
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS/DEPOSITORS

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
1 – 99	231	1.477	4,759	0.000
100 – 1,000	3,284	21.004	3,118,538	0.300
1,001 – 10,000	7,739	49.497	37,071,152	3.574
10,001 – 100,000	3,547	22.686	136,273,842	13.139
100,001 – 51,856,354	832	5.321	727,845,019	70.178
51,856,355 and above	2	0.012	132,813,800	12.805
Total	**15,635**	**100.000**	**1,037,127,110**	**100.000**

LIST OF THIRTY LARGEST SHAREHOLDERS/DEPOSITORS

No.	Name	No. of Shares Held	% of Issued Capital
1	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mah Sau Cheong*	72,000,000	6.942
2	Affin Hwang Nominees (Tempatan) Sdn Bhd *HDM Capital Sdn Bhd for Mah Sau Cheong*	60,813,800	5.864
3	South Malaysia Industries Berhad	48,344,000	4.661
4	Dato' Mustapha Bin Buang	29,724,485	2.866
5	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mah Sau Cheong*	23,550,000	2.271
6	Bandar Sri Tujuh Sdn Bhd	21,445,000	2.067
7	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mah Sau Cheong*	19,000,000	1.832
8	Puncak Darul Naim Sdn Bhd	17,767,100	1.713
9	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Koh Boon Poh*	15,000,000	1.446
10	Seraya Kota Sdn Bhd	9,973,400	0.962
11	Chin Khee Kong & Sons Sendirian Berhad	9,186,800	0.886
12	Wee Jui Jong	9,150,000	0.882
13	RHB Nominees (Tempatan) Sdn Bhd *OSK Trustees Berhad for The Divine Vision Trust*	7,526,500	0.726
14	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An For UOB Kay Hian Pte Ltd*	7,188,816	0.693
15	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for OCBC Securities Private Limited*	7,036,233	0.678
16	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Phung Tze Thiam @ John Phung*	7,001,900	0.675

STATEMENT OF SECURITIES HOLDERS
(CONT'D)

No.	Name	No. of Shares Held	% of Issued Capital
17	Amsec Nominees (Tempatan) Sdn Bhd *Ambank (M) Berhad for Sri Badas Sdn Bhd*	5,785,000	0.558
18	Taman Bunga Merlimau Sdn Bhd	5,782,000	0.558
19	Mah Sau Cheong	5,704,869	0.550
20	ABB Nominee (Tempatan) Sdn Bhd *Pledged Securities Account for Puncak Darul Naim Sdn Bhd*	5,600,000	0.540
21	Puncak Darul Naim Sdn Bhd	5,412,575	0.522
22	Chin Lai Kuen	5,260,000	0.507
23	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account – Ambank (M) Berhad for Hon Chung Lip*	5,043,000	0.486
24	MP Factors Sdn Bhd	5,040,000	0.486
25	Mah Wee Hian @ Mah Siew Kung	5,013,300	0.483
26	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Rozanita Binti Zainal Abidin*	5,000,000	0.482
27	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt An for Bank of Singapore Limited*	4,669,000	0.450
28	Che Norsiah Binti Mohd Shariff	4,639,800	0.447
29	Leow Pek Fong @ Liew Pek Fong	4,575,000	0.441
30	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Geok Lian*	4,523,400	0.436
		436,755,978	**42.111**

SUBSTANTIAL SHAREHOLDERS
AS PER REGISTER OF SUBSTANTIAL SHAREHOLDER

	No. of Shares Held			
	Direct	%	Indirect	%
Mah Sau Cheong	182,068,669	17.56	*5,260,000	0.51

DIRECTORS' INTEREST IN SHARES

	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri Hj Megat Najmuddin bin Datuk Seri Dr Hj Megat Khas	194,800	0.02	-	-
Dato' Mustapha Bin Buang	32,850,985	3.17	*800,000	0.08
Dato' Mohamed Salleh Bin Bajuri	500,000	0.05	-	-
Ms Tan Siew Poh	2,188	Negligible	-	-
Ms Soon Dee Hwee	-	-	-	-
Dr Yu Tat Loong	-	-	-	-
Mr Sherman Lam Yuen Suen	-	-	-	-

Note: * Deemed interest by virtue of his spouse.

STATEMENT OF SECURITIES HOLDERS
(CONT'D)

5-YEAR 3% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") AS AT 28 JUNE 2019

Total No. of ICULS	:	RM90,343,961
Issue Date	:	26 May 2017
Maturity Date	:	25 May 2022
Conversion Period	:	26 May 2017 – 25 May 2022
Conversion Price	:	RM1.00 (where 1 ICULS will be converted into 5 new Ordinary shares)
No. of Holders	:	797
Conversion Rights	:	Each ICULS holder has the rights to convert ICULS held into new Ordinary Shares of the Company at the Conversion Price during the Conversion Period

DISTRIBUTION OF ICULS HOLDERS

Size of Holdings	No. of ICULS Holders	% of ICULS Holders	No. of ICULS Held	% of ICULS Issued
1 – 99	2	0.250	100	0.000
100 – 1,000	309	38.770	160,240	0.177
1,001 – 10,000	290	36.386	1,270,258	1.406
10,001 – 100,000	145	18.193	5,010,760	5.546
100,001 – 4,517,197	48	6.022	24,252,066	26.844
4,517,198 and above	3	0.376	59,650,537	66.026
Total	**797**	**100.000**	**90,343,961**	**100.000**

LIST OF THIRTY LARGEST ICULS HOLDERS

No.	Name	No. of ICULS Held	% of ICULS Issued
1	Affin Hwang Nominees (Tempatan) Sdn Bhd *HDM Capital Sdn Bhd for Mah Sau Cheong*	39,816,137	44.071
2	Mah Sau Cheong	15,000,000	16.603
3	South Malaysia Industries Berhad	4,834,400	5.351
4	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mah Sau Cheong*	3,984,274	4.410
5	Puncak Darul Naim Sdn Bhd	2,950,200	3.265
6	Seraya Kota Sdn Bhd	2,276,500	2.519
7	Bandar Sri Tujuh Sdn Bhd	2,144,500	2.373
8	Chin Khee Kong & Sons Sendirian Berhad	765,000	0.846
9	Teoh Chooi Guat	734,100	0.812
10	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mah Wee Hian @ Mah Siew Kung*	700,500	0.775
11	Goh Thong Beng	680,000	0.752
12	Chin Kiam Hsung	634,500	0.702
13	RHB Nominees (Tempatan) Sdn Bhd *OSK Trustees Berhad for The Divine Vision Trust*	481,170	0.532

STATEMENT OF SECURITIES HOLDERS
(CONT'D)

No.	Name	No. of ICULS Held	% of ICULS Issued
14	Che Norsiah Binti Mohd Shariff	463,980	0.513
15	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yeong Sin Khong*	451,290	0.499
16	Choo Lye Hock	405,800	0.449
17	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chin Kiam Hsung*	377,570	0.417
18	Chin Sin Lin	374,000	0.413
19	Chin Kian Fong	345,500	0.382
20	Puncak Darul Naim Sdn Bhd	345,062	0.381
21	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Geok Lian*	342,840	0.379
22	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chin Kiam Hsung*	339,990	0.376
23	Jenny Wong	339,800	0.376
24	Zubaidah Binti Bunyamin	330,390	0.365
25	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Dato' Mustapha Bin Buang*	312,650	0.346
26	Indar Kaur A/P Dan Singh	300,000	0.332
27	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teo Kwee Hock*	300,000	0.332
28	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ser Yu Beng*	295,000	0.326
29	Tan Yee Ming	260,000	0.287
30	Tan Ah Moi	258,000	0.285
		80,843,153	**89.484**

DIRECTORS' INTEREST IN ICULS

	No. of ICULS Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri Hj Megat Najmuddin bin Datuk Seri Dr Hj Megat Khas	20,000	0.02	-	-
Dato' Mustapha Bin Buang	313,650	0.35	*1,000	Negligible
Dato' Mohamed Salleh Bin Bajuri	50,000	0.06	-	-
Ms Tan Siew Poh	1,000	Negligible	-	-
Ms Soon Dee Hwee	-	-	-	-
Dr Yu Tat Loong	-	-	-	-
Mr Sherman Lam Yuen Suen	-	-	-	-

Note: * Deemed interest by virtue of his spouse.

STATEMENT OF SECURITIES HOLDERS
(CONT'D)

WARRANTS AS AT 28 JUNE 2019

Warrants Issued	:	198,512,922
Issue Date	:	26 May 2017
Maturity Date	:	25 May 2022
Exercise Period	:	26 May 2017 – 25 May 2022
Exercise Price	:	RM0.25
No. of Holders	:	817
Exercise Rights	:	Each warrant holder entitles to subscribe for 1 new ordinary share in the Company at the Exercise Price during the Exercise Period

DISTRIBUTION OF WARRANTS HOLDERS

Size of Holdings	No. of Warrants Holders	% of Warrants Holders	No. of Warrants Held	% of Warrants Issued
1 – 99	2	0.244	81	0.000
100 – 1,000	191	23.378	85,880	0.043
1,001 – 10,000	338	41.370	1,567,736	0.789
10,001 – 100,000	204	24.969	8,508,120	4.285
100,001 – 9,925,645	81	9.914	70,750,283	35.640
9,925,646 and above	1	0.122	117,600,822	59.240
Total	**817**	**100.000**	**198,512,922**	**100.000**

LIST OF THIRTY LARGEST WARRANTS HOLDERS

No.	Name	No. of Warrants Held	% of Warrants Issued
1	Mah Sau Cheong	117,600,822	59.240
2	South Malaysia Industries Berhad	9,668,800	4.870
3	Puncak Darul Naim Sdn Bhd	5,900,400	2.972
4	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Koh Boon Poh*	5,839,400	2.941
5	Seraya Kota Sdn Bhd	4,553,000	2.293
6	Bandar Sri Tujuh Sdn Bhd	4,289,000	2.160
7	Wee Jui Jong	3,660,000	1.843
8	JS Nominees (Tempatan) Sdn Bhd *CIMB Bank for Teh Swee Heng*	3,248,200	1.636
9	Chin Khee Kong & Sons Sendirian Berhad	1,530,000	0.770
10	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Yen Lang*	1,473,200	0.742
11	Teoh Chooi Guat	1,468,200	0.739
12	Lee Sing Gee	1,400,000	0.705
13	Goh Thong Beng	1,324,900	0.667
14	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mah Wee Hian @ Mah Siew Kung*	1,291,500	0.650

STATEMENT OF SECURITIES HOLDERS
(CONT'D)

No.	Name	No. of Warrants Held	% of Warrants Issued
15	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chee Peng Wai*	1,200,000	0.604
16	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ser Yu Beng*	1,120,200	0.564
17	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Julian Cheah Wai Meng*	1,080,000	0.544
18	RHB Nominees (Tempatan) Sdn Bhd *OSK Trustees Berhad for The Divine Vision Trust*	962,340	0.484
19	Che Norsiah Binti Mohd Shariff	927,960	0.467
20	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yeong Sin Khong*	902,580	0.454
21	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chin Kiam Hsung*	755,140	0.380
22	Chin Sin Lin	748,000	0.376
23	Chin Kian Fong	725,000	0.365
24	Puncak Darul Naim Sdn Bhd	690,124	0.347
25	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Geok Lian*	685,680	0.345
26	Zubaidah Binti Bunyamin	660,780	0.332
27	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Dato' Mustapha Bin Buang*	625,300	0.314
28	HLIB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Boon Kim Yu*	552,000	0.278
29	Jenny Wong	540,000	0.272
30	Tan Yee Ming	520,000	0.261
		175,942,526	**88.630**

DIRECTORS' INTEREST IN WARRANTS

	No. of Warrants Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri Hj Megat Najmuddin bin Datuk Seri Dr Hj Megat Khas	40,000	0.02	-	-
Dato' Mustapha Bin Buang	627,300	0.32	*2,000	Negligible
Dato' Mohamed Salleh Bin Bajuri	100,000	0.05	-	-
Ms Tan Siew Poh	2,000	Negligible	-	-
Ms Soon Dee Hwee	-	-	-	-
Dr Yu Tat Loong	-	-	-	-
Mr Sherman Lam Yuen Suen	-	-	-	-

Note: * Deemed interest by virtue of his spouse.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 101st Annual General Meeting of the Company will be held at Pacific Hall, Level 33, Pacific Regency Hotel Suites, KH Tower, Jalan Punchak, Off Jalan P. Ramlee, 50250 Kuala Lumpur on Tuesday, 3 September 2019 at 11.00 a.m. to transact the following business:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2019 and the Reports of the Directors and Auditors. **(Please refer Explanatory Note 3)**

2. To re-elect the following persons as Directors of the Company who retire by rotation in accordance with Article 115 of the Company's Articles of Association and who being eligible offer themselves for re-election:

   (i) Ms Tan Siew Poh; and **Resolution 1**
   (ii) Ms Soon Dee Hwee. **Resolution 2**

3. To re-elect the following persons as Director of the Company who retire by rotation in accordance with Article 123 of the Company's Articles of Association and who being eligible offer themselves for re-election:

   (i) Mr Sherman Lam Yuen Suen; and **Resolution 3**
   (ii) Dato' Mohamed Salleh Bin Bajuri **Resolution 4**

4. To re-appoint Messrs Ernst & Young as the Company's Auditors to hold office for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

5. To consider and, if thought fit, pass the following ordinary resolutions with or without modifications as:-

   Ordinary Resolutions

   (a) Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

   THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit PROVIDED that the aggregate number of shares to be issued for such person or persons whomever does not exceed 10% of the total issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company. **Resolution 6**

   (b) Directors' Fees in respect of financial year ending 31 March 2020

   To approve the Directors' Fees up to RM424,000.00 payable to the Non-Executive Directors of the Company and subsidiary for the financial year ending 31 March 2020. **Resolution 7**

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

(c) **Meeting Allowances to Non-Executive Directors**
To approve the payment of meeting allowances up to an amount of RM25,000.00 from 4 September 2019 until the next annual general meeting of the Company. **Resolution 8**

(d) **Additional Meeting Allowances to Independent Non-Executive Directors**
To approve the payment of additional meeting allowances of RM2,000 to Independent Non-Executive Directors of the Company for the period from 1 August 2019 to 3 September 2019. **Resolution 9**

(e) **Retention as Independent Non-Executive Director**
THAT authority be and is hereby given to Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company. **Resolution 10**

Special Resolution

(f) **Proposed Adoption of new Constitution of the Company**
THAT approval be and is hereby given to the Company to revoke the existing Memorandum and Articles of Association of the Company in its entirety with immediate effect and in place thereof with a new Constitution of the Company as set out in Appendix A, be and is hereby adopted as the Constitution of the Company. **Resolution 11**

AND THAT the Board of Directors of the Company be and is hereby authorised to assent to any variations, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.

6. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Articles of Association.

By Order of the Board
Chan Yoon Mun (MAICSA 0927219)
Ooi Mei Ying (MAICSA 7051036)
Secretaries

Kuala Lumpur
31 July 2019

Notes:

1) **Members Entitled To Attend**

In respect of deposited securities, only members whose names appear in the Record of Depositors on 26 August 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 101st Annual General Meeting ("AGM") or appoint proxy/proxies to attend and/or vote on his behalf.

2) **Appointment of Proxy**

(a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies (but not more than two [2] proxies) to attend and vote in his stead. A proxy may but need not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

(b) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

(c) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(d) 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. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

(e) An instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or by his/her attorney and in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorised.

(f) An instrument appointing a proxy must be deposited at the Registered Office of the Company at 12th Floor, Menara SMI, No. 6, Lorong P. Ramlee, 50250 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

3) Explanatory Notes on Ordinary Business

Item 1 of the Agenda – To receive the Audited Financial Statements for the financial year ended 31 March 2019

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 ("the Act") does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item will not put forward for voting.

4) Explanatory Notes on Special Business:-

(a) Resolution 6 - Authority to issue shares pursuant to Sections 75 & 76 of the Act

The proposed Resolution 6, if passed, will empower the Directors of the Company, from the date of the above AGM, to issue a maximum not up to ten percent (10%) of the issued and paid-up capital of the Company for the time being for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

The proposed Resolution 6 is a renewal of general mandate that has been sought in the preceding year. There were no proceeds raised from the previous mandate given to the Directors at the last AGM held on 21 September 2018.

The general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited to further placing of shares, for the purpose of funding future investment project(s) working capital and/or acquisition.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

(b) Resolutions 7 to 9 - Directors' Fees and meeting allowances to Non-Executive Directors

In compliance with Section 230(1) of the Act, the Company is seeking for shareholders' approval for payment of Directors' fees and benefits to the Non-Executive Directors as below:

Resolution 7 on payment of Directors' Fees of RM424,000.00 for the financial year ending 31 March 2020; and

Resolution 8 on payment of meeting allowances of up to RM25,000.00 to Non-Executive Directors for the period from 4 September 2019 until the next AGM of the Company.

The calculation is based on the estimated number of scheduled Board/Board Committees' meetings and on the assumption that all the Non-Executive Directors of the Company will remain in office and attend all the scheduled meetings until the next AGM. However, there is a shortfall of RM2,000 for the period of August 2019 due to additional appointment of two (2) Independent Non-Executive Directors in January and March 2019. Accordingly, the Board wishes to seek shareholders' approval of the following at the 101st AGM:

Resolution 9 on payment of additional meeting allowances of RM2,000 to Independent Non-Executive Directors for the period of 1 August 2019 to 3 September 2019.

(c) Resolution 10 – Proposed Retention of Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas ("Tan Sri Dato' Seri Megat Najmuddin") as Independent Non-Executive Director

The Nomination Committee ("NC") of the Company had assessed the independence of Tan Sri Dato' Seri Megat Najmuddin who had served as Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years and recommended Tan Sri Dato' Seri Megat Najmuddin to continue to act as Independent Non-Executive Director of the Company based on the following jurisdictions:

i) He fulfilled the criteria under the definition of independent director as stated in Chapter 1 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad;
ii) had demonstrated throughout the terms of his office to be independent by exercising independent judgement when a matter put before him for decision. Thus, he was able to function check and balance, provide broader views and brings an element of objectivity to the Board;
iii) had participated actively and contributed positively during deliberations or discussions at board meetings; and
iv) had performed his duty diligently and in the best interest of the Company.

The Board endorsed the NC's recommendation and recommended that Tan Sri Dato' Seri Megat Najmuddin as Independent Non-Executive Director of the Company subject to the shareholders' approval through a two-tier voting process as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance.

(d) Resolution 11 – Proposed Adoption of Constitution

This special resolution, if passed, will align the Constitution of the Company with the Act which came into force on 31 January 2017, the updated provisions of the MMLR and the prevailing statutory and regulatory requirements as well as to provide clarity and consistency with the amendments that arise from the Act and MMLR. For further information, please refer to Appendix A which is despatched together with the 2019 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

The profiles of the Directors who are standing for re-elections as per Agenda 2 and 3 of the Notice of 101st AGM respectively are as follows:

	Resolution 1	Resolution 2	Resolution 3	Resolution 4
Name:	Tan Siew Poh	Soon Dee Hwee	Sherman Lam Yuen Suen	Dato' Mohamed Salleh Bin Bajuri
Designation:	Non-Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
Nationality/ Gender/Age:	Malaysian/ Female/56	Malaysian/ Female/58	Malaysian/Male/46	Malaysian/Male/68
Date of Appointment:	18 March 2008	23 January 2017	2 January 2019	1 March 2019
Academic Qualification:	University of Melbourne – Bachelor of Commerce majoring in Accounting and Economics	Chartered Accountant – registered with Malaysian Institute of Accountants	Master's degree in Business Administration (Finance) from Charles Sturt University, Australia	Chartered Accountant – Institute of Chartered Accountants, Ireland
Present Directorships:	**Listed Entities:** South Malaysia Industries Berhad **Other public companies:** Nil	**Listed Entities:** Mynews Holdings Berhad **Other public companies:** Prudential Assurance Berhad	Nil	• Eden Inc. Berhad • Sam Engineering & Equipment (M) Berhad • Inch Kenneth Kajang Rubber Public Limited Company **Other public companies:** CRSC Holdings Berhad
Present Employment(s):	Nil	Hwang Capital (Malaysia) Sdn Bhd – Senior Vice President	Cirrus Ventures (M) Sdn Bhd	CRSC Holdings Berhad - Deputy Chairman
Past Directorship:	Nil	Nil	Bintai Kinden Corporation Berhad (2010 - 2013)	• Harbour Link Group Bhd (2003 - 2016) • Milux Corporation Bhd (2005 -2019) • Vastalux Energy Bhd (2008 -2010) • Agro Bank Malaysia (2008-2010)
Director's Interest	2,188 ordinary shares in Asian Pac Holdings Berhad	Nil	Nil	500,000 ordinary shares in Asian Pac Holdings Berhad

Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he/she has a personal interest. They do not have any convictions for offences (other than traffic offences) within the past five (5) years

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PROXY FORM

101ST ANNUAL GENERAL MEETING

Number of shares held	
CDS Account No.	

ASIAN PAC HOLDINGS BERHAD (129-T)
(Incorporated in Malaysia)
Registered Office:
12th Floor, Menara SMI, No. 6, Lorong P. Ramlee,
50250 Kuala Lumpur.
Tel: 03-2786 3388 Fax: 03-2786 3386

I/We (Full Name) ______________________________ (NRIC No./ Co. No. ____________________)

Tel No/Mobile No. ____________________ of ____

______________ being a member/members of ASIAN PAC HOLDINGS BERHAD (Co. No. 129-T) do hereby appoint :-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of Shares:	%

and / or failing him/her

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of Shares:	%

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 101st Annual General Meeting of the Company to be held at Pacific Hall, Level 33, Pacific Regency Hotel Suites, KH Tower, Jalan Punchak, Off Jalan P. Ramlee, 50250 Kuala Lumpur on Tuesday, 3 September 2019 at 11.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/their discretion.

NO.	RESOLUTIONS	FOR	AGAINST
1	To re-elect Ms Tan Siew Poh as Director		
2	To re-elect Ms Soon Dee Hwee as Director		
3	To re-elect Mr Sherman Lam Yuen Suen as Director		
4	To re-elect Dato' Mohamed Salleh Bin Bajuri as Director		
5	To re-appoint Messrs. Ernst & Young as Auditors		
6	To authorize Directors to issue shares pursuant to S75 and 76 of the Companies Act 2016		
7	To approve the payment of Directors' Fees for financial year ending 31 March 2020		
8	To approve the payment of Meeting Allowances		
9	To approve the payment of additional Meeting Allowances		
10	To retain Tan Sri Dato' Seri Hj Megat Najmuddin as Independent Non-Executive Director		
11	To adopt new Constitution		

Signed this ______ day of ________________ 2019

____
Signature of Member

Notes:

1. **Members Entitled To Attend**
   In respect of deposited securities, only members whose names appear in the Record of Depositors on 26 August 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 101st AGM or appoint proxy/proxies to attend and/or vote on his behalf.

2. **Appointment of Proxy**
   (a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies (but not more than two [2] proxies) to attend and vote in his stead. A proxy may or need not be a member of the Company.
   (b) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
   (c) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
   (d) 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. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
   (e) An instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or by his/her attorney and in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorised.
   (f) An instrument appointing a proxy must be deposited at the Registered Office of the Company at 12th Floor, Menara SMI, No. 6, Lorong P. Ramlee, 50250 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

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AFFIX
STAMP

The Company Secretary

ASIAN PAC HOLDINGS BERHAD
(Company No. 129-T)
12th Floor, Menara SMI,
No. 6, Lorong P. Ramlee,
50250 Kuala Lumpur.

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Fax : 03-2786 3386

www.asianpac.com.my