



**ASIAN PAC HOLDINGS BERHAD**

Company No. 191301000011 (129-T)



FOCUSED ON  
**SUSTAINABLE  
GROWTH**





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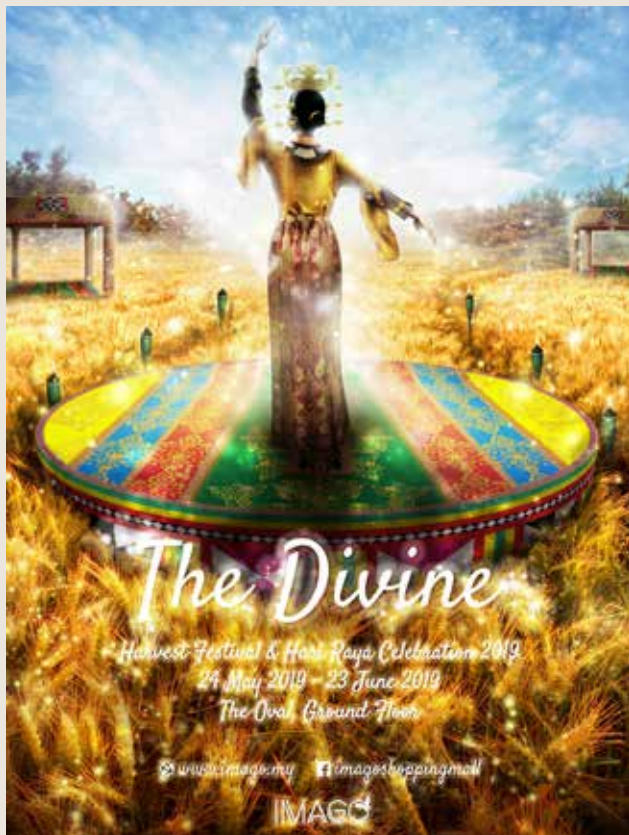
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# MALL HIGHLIGHTS

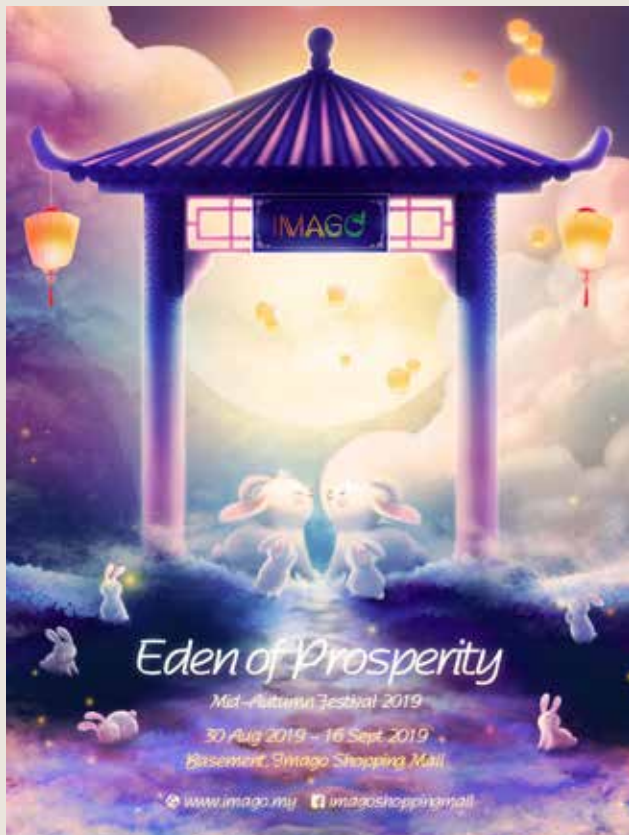


## THE DIVINE

**Harvest Festival  
and Hari Raya Aidilfitri**  
24 May 2019 - 23 June 2019



Harvest Festival and Hari Raya Aidilfitri were celebrated in Imago Mall with the theme "The Divine". Inspired by the rich culture of Bajau Kota Belud, the Mall's decoration featured traditional weave of various motifs unique to this ethnic group. The highlights of the festival were the exciting beauty pageants, namely "Little Miss Kaamatan" and "Ratu Serimpak Imago" and a Kaamatan Video Contest with the theme "HOPE".



## EDEN OF PROSPERITY

### Imago Mid-Autumn Festival and Art Competition

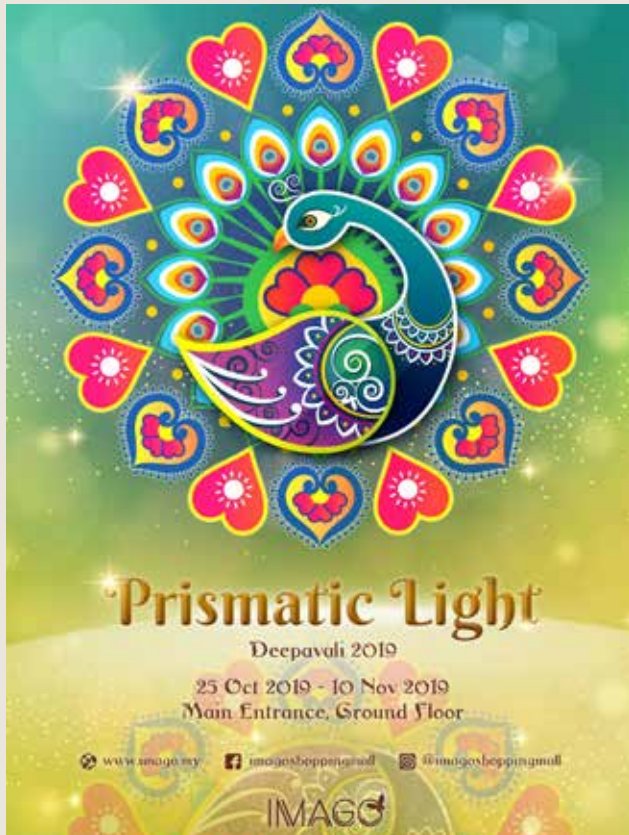
17 August 2019 - 16 September 2019



Imago Mall ushered in the arrival of mid-autumn with the theme of "Eden of Prosperity". The event was held at the Basement of Imago Shopping Mall with a "Maze Challenge" for the shoppers. Further, Imago Mall also organised an art competition for various age categories at The West Avenue, Ground Floor of Imago Mall. The competition was opened to contestants aged 3 to 17 years old. A total of 518 participants had turned up to join the drawing and/or colouring activities with Mid-Autumn Festival theme. The creative entries from each category were showcased during the Mid-Autumn Festival event.



# MALL HIGHLIGHTS



## PRISMATIC LIGHT

### Imago Deepavali 2019

25 October 2019 - 10 November 2019



Imago decorated the Mall with colourful festive lights with the theme "Prismatic Light" to add festive atmosphere for the Deepavali celebration. There were exciting activities being lined up such as joyous Bollywood dance performances and Henna or airbrush hand-painting to entertain the shoppers.



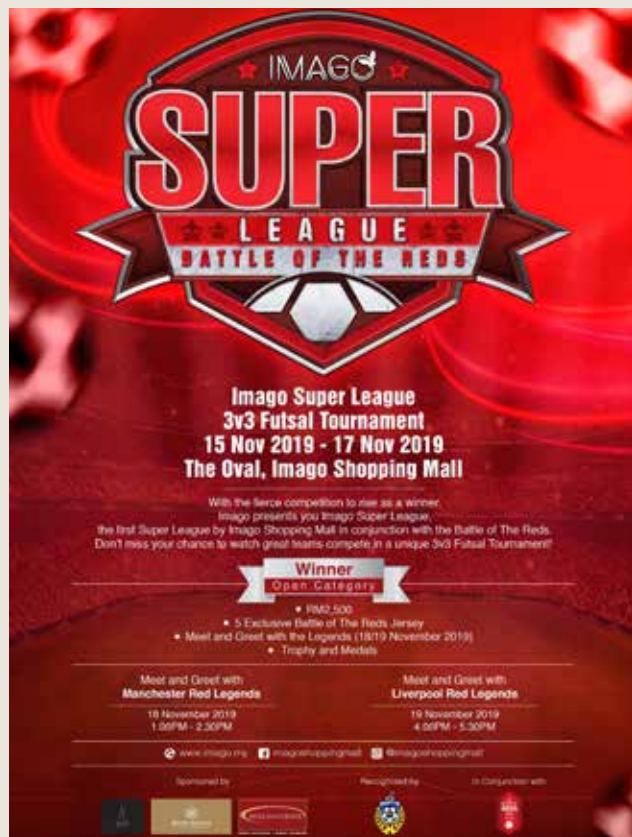
## Imago Halloween



Imago Mall celebrated Halloween with the theme "The Castle" from 30 October 2019 until 3 November 2019. The Mall was adorned with ancient castle arch with scary skeletons and props. In addition, there was a Halloween carnival for the shoppers to have fun at The Oval, Ground Floor of Imago Mall with games, 'Trick or Treat' and a Gala Night held on 31 October 2019.



# MALL HIGHLIGHTS



## BATTLE OF THE REDS

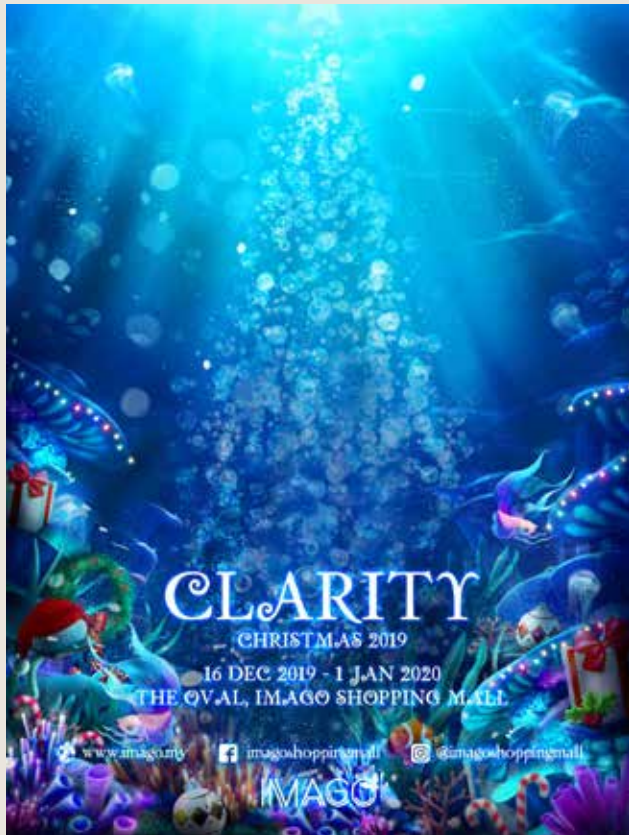
### Imago Super League

15 November 2019 - 20 November 2019



Imago Mall organized a 3v3 Futsal Tournament, the first Imago Super League with the theme "The Battle of The Reds". There were two categories of futsal tournaments, namely Premier Category and Open Category. A fee of RM100 was charged for the Open Category and the proceeds were channelled to Hope Express, a charity project by Imago Mall. Imago also organised a Meet & Greet Session with the Reds Legends on 18 and 19 November 2019 for the shoppers.





## CLARITY

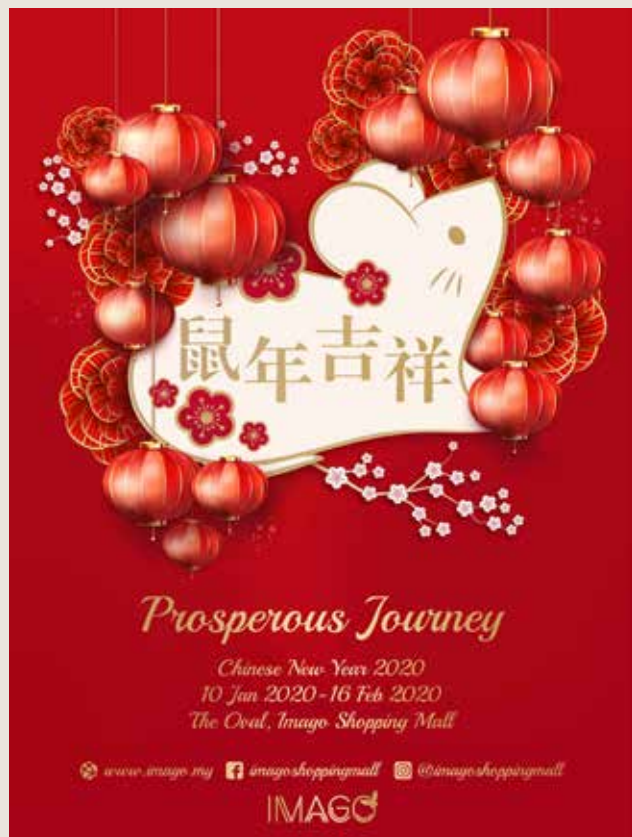
### Imago Christmas

16 December 2019 – 1 January 2020



This year Imago Mall celebrated Christmas with the theme "Clarity", an event decorated with Christmas trees of various sizes and sea-inspired decorations at The Oval court.

# MALL HIGHLIGHTS



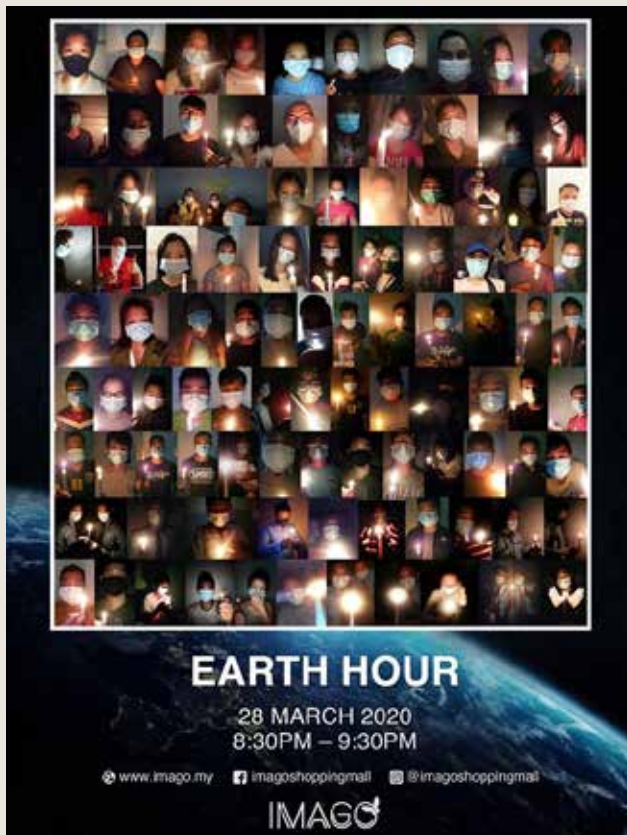
## PROSPEROUS JOURNEY

**Imago Chinese New Year**  
10 January 2020 - 16 February 2020



In conjunction with the Chinese New Year celebration, Imago Mall decorated the Mall with the theme "Prosperous Journey" of the Golden Rat!. Throughout the CNY celebration, there were special Dragon & Lion dance performances at The Oval, Ground Floor at various intervals to add to the festive atmosphere.





## "BENEVOLENCE" - STANDBYYOU

### **Imago 5th Anniversary**

7 March 2020 - 30 April 2020



Imago Mall celebrated its 5th anniversary with the theme "Benevolence". A theme best described our support to our partners, tenants and patrons during the uncertain and challenging times of COVID-19 pandemic.



## PROJECT HIGHLIGHTS

# FORTUNE CENTRA



A low-density mixed development of 38 commercial shop units 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 back in May 2017 and received over-whelming response from the market with 96% of its residential units sold within launching. The 38 commercial shop units will be a modern lifestyle sensation when it is fully completed. Under one covered open-air roof, all units and its patrons will enjoy an all year-round undisrupted environment by any kind of weather conditions. The construction works are going smoothly despite the temporary halt due to the MCO imposed by the Malaysian government to curb the COVID-19 pandemic. The whole project is expected to be completed by 1st Quarter 2021.



*Site progress*







# RIAZ RESIDENCES

This is another prestigious project to be developed by Asian Pac Group.

Riaz Residences located at Damansara Damai, a well-established neighbourhood blossomed with a variety of residential and commercial properties and amenities. Damansara Damai is well connected to other established townships such as Bandar Sri Damansara, Taman Perindustrian KIP, Desa Park City, Sungai Buloh and Kota Damansara. This gives its residents the easy access to a plethora of amenities within the vicinity of their neighborhoods. It also sits within a lush environment, thanks to its location adjacent to a forest reserve and two urban parks with jungle trails.



This latest mixed-development project will offer 780 residential titled condominium units and 18 commercial shop units located on the ground floor of the car park podium to serve the residential communities' daily needs. The project is scheduled to be launched by 4th Quarter 2020.

# PROJECT HIGHLIGHTS



## LIKASVUE

LikasVue is set to be the latest sensation among the property buyers and investors in Kota Kinabalu. A commercial re-development 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 retails, 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 with the flexibility to convert to a single-key or dual-key design module. The Group expects to launch this project in 4th quarter 2020.





# AWARDS AND RECOGNITION



**Sabah Tourism Awards 2017  
for Best Shopping Complex**



**The Malaysia Book of Records for  
the Tallest Rotating Christmas Tree**



**Sabah Tourism Awards 2019  
for Best Shopping Complex**



**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**

# SPONSORSHIP AND PROMOTIONAL ACTIVITIES



Proudly Sabahan Run



"Hari Polis Ke-212" – Blood Donation Campaign



"Running Youth" – The Anglican of Sabah All Saints' Cathedral



Pameran Anjuran Kerajaan Negeri Sabah Sambutan Hari Kebangsaan Peringkat Negeri Sabah Tahun 2019 Donation Drive



Institution of Engineers Malaysia (Sabah Branch) Blood Donation



WWF Malaysia



The Martial Warrior 3.0



Hospital Queen Elizabeth Blood Donation Drive



National Kidney Foundation of Malaysia's Public Engagement Event



## Sponsorship and Promotional Activities



Junior Chamber International  
Kota Kinabalu



Christmas Kettling



Sabah International Youth Folk  
Dance Festival



Unicef Malaysia's Fundraising  
Campaign



Kempen Derma Darah Sempena  
Sambutan Hari Tentera Darat Ke-87  
Negeri Sabah



The Battle of the Reds Booth



Sabah Aids Support Services and  
Humanitarian Aid Relief Association

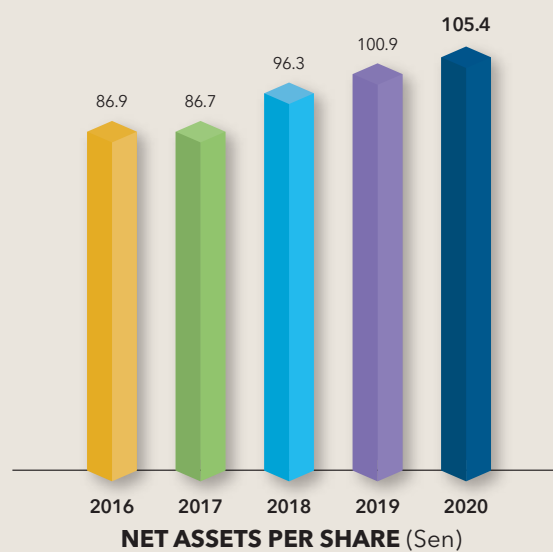
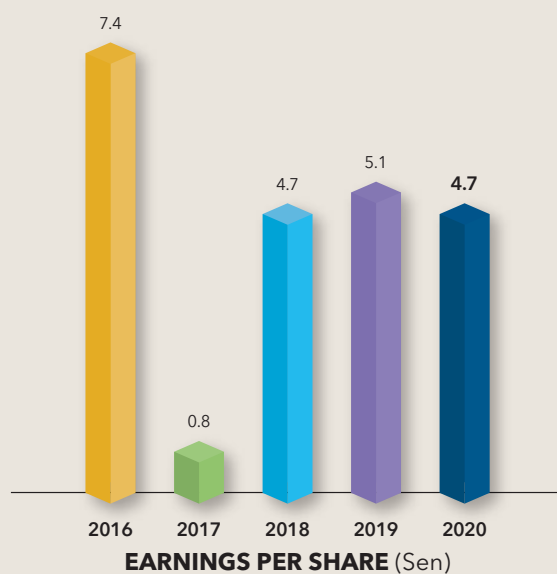
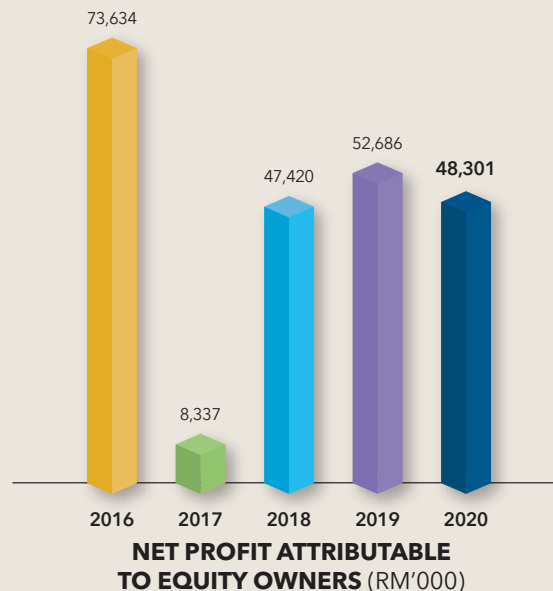


Borneo Beat Down



Majlis Penarafan Zon Perdagangan  
Terpilih (ZPT) Peringkat Negeri Sabah  
Anjuran KPDNHEP

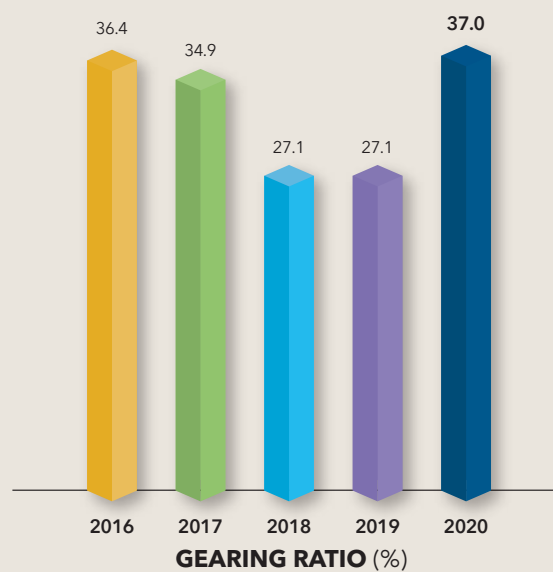
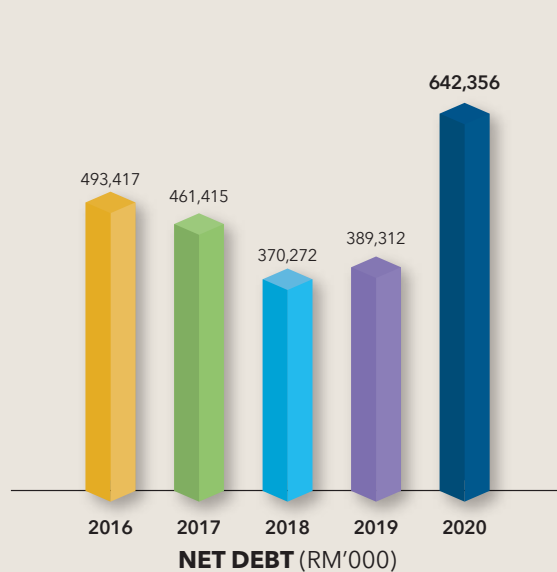
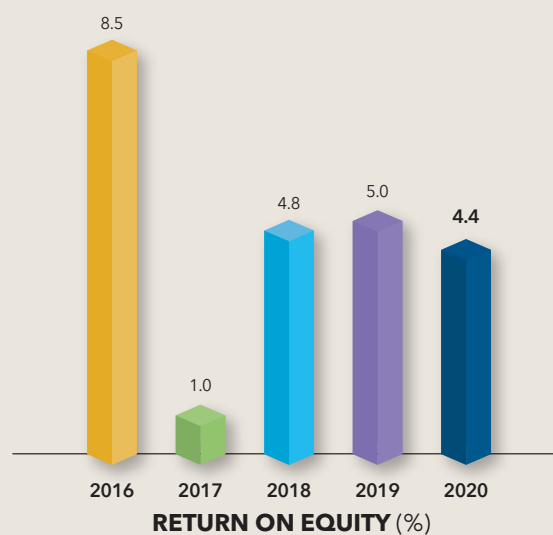
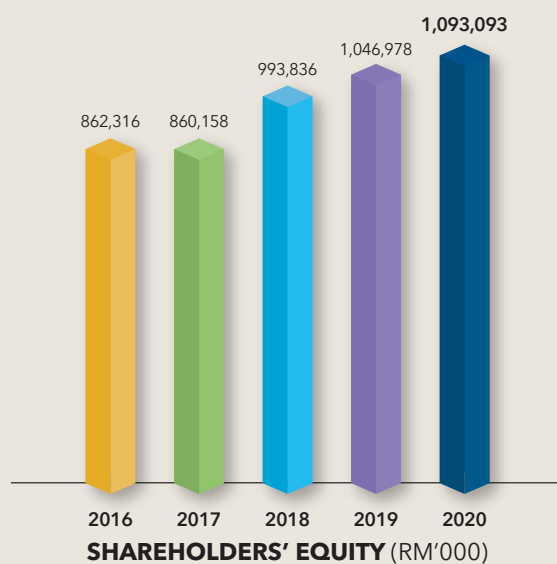
# 5 YEARS GROUP FINANCIAL HIGHLIGHTS



Financial Years Ended 31 March	2016	2017	2018	2019	2020
Revenue (RM'000)	154,905	262,785	186,194	144,411	178,173
Net Profit Attributable to Equity Holders (RM'000)	73,634	8,337	47,420	52,686	48,301
Earning Per Share (Sen)	7.4	0.8	4.7	5.1	4.7
Net Assets Per Share (Sen)	86.9	86.7	96.3	100.9	105.4



## 5 Years Group Financial Highlights



Financial Years Ended 31 March	2016	2017	2018	2019	2020
Shareholders' Equity (RM'000)	862,316	860,158	993,836	1,046,978	1,093,093
Return on Equity (%)	8.5	1.0	4.8	5.0	4.4
Net Debt (RM'000) (Note 36, Page 187)	493,417	461,415	370,272	389,312	642,356
Gearing Ratio (%) (Note 36, Page 187)	36.4	34.9	27.1	27.1	37.0



## MANAGEMENT DISCUSSION AND ANALYSIS

Asian Pac Holdings Berhad ("Asianpac" 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, where the former is our key revenue driver whilst latter segment provides us a consistent and stable business income growth. Our property development segment, focuses on niche market comprising mainly mixed development of commercial shops and high rise residential projects in Klang Valley, Kota Kinabalu and Johor Bahru. Our property investment portfolios involves management and operation of a shopping mall located in Kota Kinabalu, Sabah, which is one of the components of our flagship KK Times Square II project, car park management services for more than 7,600 bays in Kota Kinabalu and Klang Valley and the leasing of 248,822 sf to Aeon Big Mall in Kepong.



## Financial Performance

For the financial year under review, we have recorded an improved revenue from RM144.4 million of last year to RM178.2 million. The higher revenue was mainly contributed from the property development segment, where the ongoing project had achieved a higher percentage of completion and the completed units registered higher sales. In line with the increase in revenue, gross profit has increased by RM4.5 million to RM76.8 million this year. Nonetheless, all 3 business segments recorded better performance in terms of revenue this year as compared to last year.

However, despite the improved performance, the Group operating profits this year, dropped by 19% or RM18.6 million from RM98.9 million of last year to RM80.3 million. There was a fair value gain on investment properties of RM46.1 million last year against a net fair value loss on investment properties of RM1.3 million this year largely attributed to the Imago Shopping Mall (Imago) of RM2.9 million and the carparks of RM0.8 million. The loss was caused by the unprecedented outbreak of coronavirus ("COVID-19") which spurred lockdowns around the world, causing massive disruptions to economic growth. Nearer to home, the Malaysian government ordered non-essential services to stop operations from 18 March 2020 until 4 May 2020 under Movement Control Order ("MCO"). Tourists arrivals stopped completely. The stop work order and the border closure affected our business segments particularly the mall operations and car park operations. The closure of the Imago and carpark during the MCO affected earnings which invariably affected the valuation (more details are set out in the ensuing paragraph below).

Finance cost has increased by RM2.7 million due to additional loan drawdown during the year. Income tax was lesser by RM16.8 million was due to higher deferred taxation appropriated on increase in fair value on investment properties in last year. In line with the lower operating profits, profit after tax fell by RM4.5 million from RM52.7 million last year to RM48.2 million.

## Profits or Loss

(RM'000)	2020	2019	Changes
Revenue	178,173	144,411	33,762
Cost of Sales	(101,406)	(72,184)	(29,222)
Gross Profit	76,767	72,227	4,540
Other Income	39,900	55,744	(15,844)
Administrative Expenses	(36,336)	(29,033)	(7,303)
Operating Profit	80,331	98,938	(18,607)
Finance Costs	(26,748)	(24,078)	(2,670)
Profit Before Tax	53,583	74,860	(21,277)
Income Tax	(5,365)	(22,176)	16,811
Profit After Tax	48,218	52,684	(4,466)

Non-current assets have increased significantly by RM354.7 million to RM1,741.9 million this year mainly due to the recognition of development lands amounted to RM322.3 million upon all the terms and conditions of the sale and purchase agreement dated in 2018 becoming unconditional. In additions, a development right of RM37.2 million was included in intangible asset, arisen from the acquisition of a subsidiary in previous financial year.

### Financial Performance (cont'd)

#### Profits or Loss (cont'd)

Current assets have decreased by RM58.8 million to RM299.0 million mainly due to the decrease in the trade and other receivables by RM31.3 million with the release of stakeholder sum of project completed in prior year and lower progress billings outstanding for the on-going project as at 31 March 2020. The inventory of completed properties decreased by RM19.3 million with the sale of inventory units during the year.

Total liabilities increased by RM249.1 million to RM944.4 million due to drawdown of the loan facilities to partially pay for the first tranche payment on the development lands as mentioned in the above, coupled with the increase in long term creditors of RM100.2 million which mainly arose from the deferred payment consideration due progressively over the period of 5 years ending 2024.

Total equity increased by RM46.8 million to RM1,096.6 million arising from the profit for the year of RM48.2 million. The increase was partially offset by the decrease in fair value adjustment reserve of RM2.2 million due to the decrease in market value of quoted shares.

#### Assets and liabilities

(RM'000)	2020	2019	Changes
<b>Assets</b>			
Non-current assets	1,741,949	1,387,211	354,738
Current assets	299,045	357,889	(58,844)
Total assets	2,040,994	1,745,100	295,894
<b>Liabilities</b>			
Non-current liabilities	795,730	500,905	294,825
Current liabilities	148,622	194,382	(45,760)
Total liabilities	944,352	695,287	249,065
<b>Equity</b>			
Share capital	210,977	210,977	-
Reserves	194	2,380	(2,186)
ICULS	76,847	76,847	-
Retained profits	805,075	756,774	48,301
Equity attributable to equity holders of the parent	1,093,093	1,046,978	46,115
Non-controlling interest	3,549	2,835	714
Total equity	1,096,642	1,049,813	46,829
Total equity and Liabilities	2,040,994	1,745,100	295,894



## Financial Performance (cont'd)

### Cash flow

(RM'000)	2020	2019	Changes
Cash flow generated from operating activities	79,959	7,240	>100%
Cash flow (used in)/generated from investing activities	(205,763)	28,793	>(100%)
Cash flow generated from/(used in) financing activities	101,738	(26,787)	>100%
Cash and cash equivalent	23,469	47,535	(51%)

The increase in cash generated from operating activities was mainly contributed from progress billing received from ongoing project, Fortune Centra and the receipt of stakeholder sum relating to the completed project as mentioned earlier. The significant increase in investing cash outflow was attributed to partial payment of the development lands held for future development of RM172.3 million and additional of property, plant and equipment of RM2.1 million. In additions, we have acquired 90% equity interest in a subsidiary for a cash consideration of RM4 million for future property development. The increase in cash flow from financing activities was largely attributed to the drawdown of loan for the partial payment of the development lands as mentioned earlier. As a result, cash and cash equivalents decreased by 51% to RM23.5 million as at 31 March 2020.

We financed our operations primarily through a combination of cash flow generated from operations and loan facilities. The gearing of the Group increased from 27.1% to 37.0% when the loan facilities were fully drawn down for the payment of the consideration for the development lands leaving the balance as deferred payment over 5 years to 2024 as aforesaid.

## Property Development

### Business and Strategies

The main theme at play was aggressive sales activities to bring down our unsold inventory in the sluggish property market and vigilant monitoring of development progress of Fortune Centra project. Internally, we revamped our processes to improve the efficiency by reducing delivery time from concept and design stage to completion of construction stage. During the year, our property development segment has attained the accreditation of ISO 9001:2015 in Quality Management System. It reinforces our principle to deliver quality products to our purchasers.

As a property developer, we are mindful on managing the cost and to find innovative ways to engage with our potential purchasers by means of technology and digital solutions.



#### REVENUE

**RM99.9 MILLION**

FY2019: RM67.8 MILLION



#### PROFIT

**RM34.9 MILLION**

FY2019: (RM2.2 MILLION)

### Property Development (cont'd)

#### Review of Operations

Property development segment has recorded the highest revenue contribution for the Group and achieved a higher growth this year by an increase of RM32.1 million or 47% from RM67.8 million of last year to RM99.9 million. In line with the higher revenue, segment result has recorded a higher segmental profit of RM34.9 million as compared to RM2.2 million loss a year earlier. The higher revenue was attributed to the on-going project has progressed well with higher percentage of completion and increase in sale of completed units from inventory.

We have a rough start in the beginning of the financial year due to the changed of the main contractor of our ongoing Fortune Centra project as the outgoing main contractor faced with financial difficulty, we spent much of our energy to focus on the monitoring of progress work in order to recuperate the time loss for the period from the termination of outgoing contractor to the appointment of the current contractor and at the same time to manage any increase in cost carefully due to the extra man hours to be put into the project. The construction work progressed very well until the site work being stopped on 18 March 2020, due to the implementation of the MCO by the Government as the measure to contain the spread of the pandemic COVID-19 virus. There has been no reported of any positive case of the virus detected at project site and we have complied strict site operating procedures under the guidelines issued by the Construction Industry Development Board ("CIDB") when the site resuming work in May 2020 under the conditional MCO. With the loss of time closed to 2 months, we faced challenges in terms of potential delay from our target date of project completion arose from this MCO period and shortage of workers upon resuming work at site. However, our initial assessment of the estimate timeline to handover of completed units to purchasers is still within the contractual period and as such we do not accrue any provision of liquidated and ascertain damages ("LAD") liability. Notwithstanding that, we will exhaust all means to obtain an extension of time from the Ministry of Housing and Local Government for an exemption to LAD during the MCO period. Our priority, nevertheless, is to ensure work progress is getting back on track to meet the delivery of vacant possession within allowable contract period to our purchasers.

Our aggressive sales strategies in converting the inventory units to sales had produced a decent result by successfully brought down our inventories by 77.3% as compared to 14.5% last year. During the MCO period, our planned marketing activities were halted and we have to change our approach and shift our marketing activities through digital and social media in order to reach for a larger pool of audients and gather feedbacks from prospects for our new sale launch while in a lockdown state.

During the financial year, we had put on hold our new projects launch which were scheduled in the first quarter of 2020, largely due to the outbreak of the COVID-19 pandemic where it has affected not only the property market but the whole country economic activities. We have to re-assess our strategy to time the new sales launch at a later time. We continue with the on-going project for the year and monitored closely on the progress of the construction work.

During the financial year under review, we have completed first tranche of payment of the acquisition of 74 acres of leasehold lands in Klang Valley upon unconditional of all terms in the sale and purchase agreement. This is a last tract of sizable undeveloped land in that area and we intend to fully unlock its potential value. To do that, we are planning for a master development plan and to roll out individual development in phases, where we estimate it will take approximately eight to ten years to launch all the planned phases of this Lands.



**Property Development (cont'd)**

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**FORTUNE CENTRA**

A low-density mixed development of 38 commercial shop units 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 back in May 2017 and received over-whelming response from the market with 96% of its residential units sold within launching. The 38 commercial shop units will be a modern lifestyle sensation when it is fully completed. Under one covered open-air roof, all units and its patrons will enjoy an all year-round undisrupted environment by any kind of weather conditions. The construction works are going smoothly despite the temporary halt due to the MCO imposed by the Malaysian government to curb the COVID-19 pandemic. The whole project is expected to be completed by 1st Quarter 2021.

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**RIAZ RESIDENCES**

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 and amenities. Damansara Damai is well connected to other established townships such as Bandar Sri Damansara, Taman Perindustrian KIP, Desa ParkCity, Sungai Buloh and Kota Damansara. This gives its residents the easy access to a plethora of amenities within the vicinity of their neighborhoods. It also sits within a lush environment, thanks to its location adjacent to a forest reserve and two urban parks with jungle trails.

This latest mixed-development project will offer 780 residential titled condominium units and 18 commercial shop units located on the ground floor of the car park podium to serve the residential communities' daily needs. The project is scheduled to be launched by 4th Quarter 2020.

### Property Development (cont'd)

#### LIKASVUE



LikasVue is set to be the latest sensation among the property buyers and investors in Kota Kinabalu. A commercial re-development 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 retails, 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 with the flexibility to convert to a single-key or dual-key design module. The Group expects to launch this project in 4th quarter 2020.

#### KOTA DAMANSARA

This project will be carried out on a 2.14 acres of development land located in the bustling township of Kota Damansara. Situated strategically at Damansara North, Kota Damansara enjoys the convenience of direct accessibility with major highways, MRT stations, education centers, medical services and full variety of amenities, making it one of the best locations in PJ district for the home seekers and business entrepreneurs. This 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 has been approved by the local authority and is anticipated to start its pre-launch awareness campaign by 4th Quarter 2020.

#### TAMAN MEDAN, PJ SOUTH

This exciting up-coming 74-acre mixed integrated development project that set to transform the whole landscape of PJ South in a decade's time. The site is bordered by Taman Dato Harun and Taman Medan Baru in the east, Taman Petaling Utama and Taman Sri Manja in the west, whilst two major highway of New Pantai Expressway (NPE) and KESAS Highway straddles the north and south of the site respectively. It is only 15-min to Sunway Pyramid, Sunway Lagoon and Subang Jaya.

Taman Medan is a location where used to be the home for the poor. After more than 2 decades of progressive development especially in its surrounding like the completion of NPE and the flyover linking the Federal Highway, has boosted its population. Because of its lower living eco-system being existed for decades, it presented a great opportunity to transform and rejuvenate the local scene into an upbeat whole new integrated city development that portrait a true essence of Work, Live and Play.



## **Property Development (cont'd)**

### **Anticipated Risks**

The outbreak of the COVID-19 pandemic is the imminent risk faced by many industries globally and locally and most business segments are affected. Despite the upliftment of the MCO, the pick-up in the economic activities remains uncertain. During this period, the Group took the cue that timeline of economic recovery remains vague thus planning and strategies will need to be in place to be quick to respond to changing trends and demands.

### **Outlook**

Malaysia economy moderated sharply to 0.7% in the first quarter of 2020 as compared to the 3.6% in the last quarter of 2019 was due to the impact of the outbreak of the COVID-19 pandemic. The implementation of the MCO by the Government in order to contain the spread of the virus has resulted in the lockdown of all economic and social activities in the country except for essential goods and services industries. At this moment, the outlook for the economy is bleak. We expect that there will be challenges as we adapt to the new normal and be resilient to survive in the post-MCO though we are uncertain on the economy recovery timeline. We welcome the measures introduced by the Bank Negara Malaysia (BNM), among others, to cut the over-night interest rate and moratorium of 6 months loan instalments in order to cushion the effect of the moderation and reinvigorate the economy.

The property market, it is expected to go through consolidation phase in 2020 after a marginal improvement of 0.8% last year, in terms of transacted value. However, the improvement was reversed in the first quarter 2020, contracted by 2.9% quarter-on-quarter, in terms of transacted value. We believe the property market outlook will remain sluggish for the remaining of the year largely due to the impact of COVID-19 as most purchasers' sentiment is focusing on job security, deferring non-essential spending and deferring any major capital commitment. Despite all this, we are grateful the Government of the day has introduced new economic stimulus measures to lift the economic activities in the recovery MCO and assist purchasers in buying properties, such as re-introducing the home ownership campaign with stamp duty exemption. We are also hopeful that the BNM will relax the loan financing requirements by allowing higher loan-to-value margin of financing, and etc. We will monitor this trend closely to time our new sale launch.

## **Mall Operations**

### **Business and Strategies**

Prior to COVID-19, Management have actively sought to reduce the reliance on tourism consumption as we have clearly identified this risk as part of our continuous risk management policy adopted based on ISO 31000 Risk Management. With well-placed branding and proper tenant planning, local consumption has also continued to sustain growth. We are in the midst of implementing several initiatives that will reward local consumption that should see fruition upon recovery of the market after COVID-19.

As COVID-19 has also accelerated the use of online platforms for purchases, we will also look into the possibility of creating synergistic collaborations with reputable and reliable online platforms to further enhance the value of our existing and future tenants. This will hopefully create a seamless online-to-offline and offline-to-online experience that can further reduce the dependency on tourist dollars.

We also believe that our experience in creating quality malls can also be further expanded into other geographical locations to potentially create more value for our stakeholders in a sustainable manner. This is so that we can turn "Imago" into a brand associated with quality properties and quality management that may expand from commercial retail to other asset classes.

### Mall Operations (cont'd)



#### Review of Operations

Mall operations segment continues to be stable income and profit centre for the Group as a whole. Mall operations registered a RM64.2 mil in revenue with a segment profit of RM25.3 million. In comparison with the previous financial year, which registered RM63.9 million and RM22.4 million respectively. The increase in segment profit was mainly due to decrease in operating costs. The segmental profits mentioned here were before taking into consideration of the fair value adjustment on investment properties of RM2.9 million loss this year and RM26 million gain in previous year.

Segment profit was also impacted indirectly by the China-US trade war as retail consumption became cautious throughout. The drastic drop in tourism was extremely significant towards the last quarter of the financial year as the impact of the COVID-19 took its first blow in China as well as tourism sectors all across the world that were heavily reliant on China. We held on to the occupancy rate despite struggling sales by being the first mall in Malaysia to provide rental relief to our tenants under our #StandByYou campaign as we believe strongly that the survivability of our tenants as a major stakeholder is an important aspect of the mall's sustainability.

Footfall also showed a lacklustre performance except towards the third quarter (October – December 2019) when the year-end and school holidays helped mitigate a challenging year. Celebrations of Christmas and the Chinese Lunar New Year helped boost consumption before the impact of COVID-19 became significant.

Despite all that, Imago won another award as we were recognised as the "Best Shopping Complex 2019" by Sabah Tourism, which added further to our list of growing accolades. Events and activities continue to be an important aspect as we continued to create immersive retail environment for shoppers. Our Christmas event saw a fantastic response despite dwindling tourism. According to statistics from Sabah Tourism Board, China's tourism arrival almost stagnated at a 0.8% growth for the whole of 2019 in comparison with 2018, where December 2019 alone showed a drop of 20.1% in comparison with December 2018. Despite this, footfall in the mall saw an increase of 13.4% in December 2019 against the same period in 2018 while tenant sales saw a 7.9% increase in the same period. In other words, we have slowly diversified our market from being a tourist-oriented mall to a more well-balanced mall.

Imago continued to strengthen its online presence in order to generate greater awareness and create stronger brand loyalty by also emphasising on growth in social media presence as we also expanded to include online-only events and activities. Our official Facebook page likes grew by a massive 37.6%. The expansion to include online platforms is to build brand awareness with market outside of Kota Kinabalu as the city is still the main area of travels for business or pleasure for the whole of Sabah, as well as potentially Sarawak and Brunei.



**Mall Operations (cont'd)****Review of Operations (cont'd)**

Internally, we continued to concentrate on maintaining management standards by implementing ISO 9001:2015 Quality Management Standard and adopting ISO 14001:2015 Environmental Management System. Working together with the local Environment Protection Department ("EPD"), we have also successfully implemented a scheduled waste collection and management. Many more such active measures are being taken that includes sourcing of recycled paper products and non-toxic housekeeping chemicals amongst others. Imago has also successfully implemented separation of waste and a recycling program to further reduce our carbon footprint.

As Malaysia's retail industry growth slumped to a 1.8% growth in the third quarter of 2019 (3Q2019) compared to the same period last year according to the Retail Group Malaysia, Imago continues to register strong tenant sales growth at about 7.7%. The fourth quarter of 2019 (4Q2019) saw a growth of 12.23% against the same period last year where Retail Group Malaysia estimated an average growth of only 2.7%. This has shown Imago's resilience against decline in major tourism dependencies such as China and, thus, becoming more sustainable in the long-term.

Corporate social responsibility ("CSR") continue to be a significant part of Imago's initiatives such as Hope Express that has collected a total of RM48,875 this year and donated to charitable organisations and NGOs as well as sponsorship of venues for blood donation and other awareness campaigns by Polis Di-Raja Malaysia ("PDRM") and United Nation's UNICEF amongst others. When the MCO ordered by the Malaysian government came into effect, we did not forget to conduct an online Earth Hour campaign that encouraged everyone to turn off all non-essential lighting that drew 100% participation from Imago staff.

As the impact of COVID-19 became more apparent towards the fourth quarter of the financial year, our focus shifted towards preventive measures as Imago became one of the first to conduct a professional disinfection of the entire property and limiting concierge services to reduce the possibility of cross-infection amongst others in our #StandByYou campaign.

As tourism became the first industry to be heavily affected, our #StandByYou campaign was extended to allow selected individuals previously working in the industry but have become unemployed to become "Goodwill & Service Ambassadors" of Imago so that they can best use their knowledge and talents to help promote Sabah. The campaign also saw Imago making food donations to two hospitals dedicated to the detection and treatment of COVID-19 to thank the healthcare workers for their dedication to the fighting of COVID-19.

Imago was the first to conduct temperature and movement control checks, making face masks compulsory and providing hospital-grade hand sanitisers at the mall at the start of MCO for everyone including tenant staff. Periodic and continuous disinfection of common contact points using hospital-grade disinfectants were also carried out at lifts, escalators, toilets, etc.



### Mall Operations (cont'd)



### Anticipated Risks

We believe that the one major risk in play this financial year will be that of the impact of COVID-19. As the economy grinds to almost a halt with reduced to zero revenue, there will be major shifting of priorities from expansion to consolidation and survival. This being the case, we shall see most retail tenants fighting for survival and potential tenants holding back their expansion plans.

### Outlook

COVID-19 will also require a period of economic recovery that will see the mall unable to reach its potential this year as previously expected. We believe local consumption will stall as cautious spending prevails due to salary reduction, loss of income and job losses, limiting spending to mainly essentials.

Tourism, whether internal or international, will also not see much improvement until probably towards the third or fourth quarter of the financial year assuming that COVID-19 can be reduced to a minimal worldwide and without a second wave. Hence, we believe tourist dollars will not have much contribution to tenant sales this year.

### Car Park Operations

#### Business and Strategies

The car park operations segment has been a stable business and has continued to contribute positive cash flow to the Group for the financial year 2020.

However, the onslaught of COVID-19, had created an unprecedented challenging situation, for the entire business landscape where the lockdown and closure of businesses had stalled the generation of revenue with the reduction of vehicular traffic for non-season parking bays as seasoned bays lessee requested for rebates. Under such enfeebling economy climate, we reassess our business model by expediting the plan to move into fully-automated and cashless operating environment. At the same time, we will implement cost optimisation plan across all car park sites. We will continue our initiative to expand our car park management services to manage for others so as to achieve a higher revenue growth.



## **Car Park Operations (cont'd)**

### **Review of Operations**

The car park operations segment recorded a slightly lower revenue by RM0.2 million to RM10.0 million. The marginal drop in revenue during the financial year under review was due to the COVID-19 pandemic where the vehicular traffic at our car parks was reduced significantly in the last quarter of our financial year 2020. Segment result was decreased by RM1.3 million to RM4.5 million (before fair value adjustment for investment properties) this year largely attributed to the increase in personnel cost during the earlier financial year when the decision was made to expand the business to Peninsular Malaysia by operating for third party.

During the year, we have successfully commissioned and operating on a new car park equipment installed at one of the car park site we manage. This equipment was sourced direct from the manufacturer as one of our initiative earlier into expanding the business operation.

Car park operations has also embarked on the certification process for ISO 9001 Quality Management System and ISO 14001 Environmental Management Standard. The journey to obtain the certification is still in the progression and the team has undergone the needed training to upskill the level of services. It is expected that the car park management will gain the accreditation by the end of 2020.

### **Anticipated Risks**

Upon the implementation of the MCO, the lockdown of all non-essential industries and social activities, our business vehicular traffic came to a halt. Following the Work-From-Home trend and social distancing at work and social lifestyle, the public had to adapt to the change into a new normal where the 3Cs (avoid Crowded place, Confined space and Close conversation) are encouraged to be adhered to. Our challenge is to repurpose the empty space in our carpark to generate new revenue stream. On the other hand, we initiate cost optimisation plan to study and redeploy any surplus resources to other business segment.

### **Outlook**

The unprecedented COVID-19 pandemic outbreak has undeniably affected generally the whole of Malaysia economies including our car park business. However, we are optimistic about the carpark business continue to be feasible and will thrive after the lifting of the MCO. It is expected that it may take sometimes for the income to be recovered to the level where it was before the pandemic took place. The earning contribution from car park operations is sustainable through recurring parking fee, such as season parking and hourly based parking.

Despite the challenging time, vehicular traffic in the car parks continues to remain stable, as the properties in which the car parks are strategically located, remain commercially active and vibrant.



### Impact of COVID-19

As the impact of COVID-19 became more apparent towards the fourth quarter of the financial year, our business operations were affected. With non-essential trades and services were ordered to stop and international border was closed for all tourists under the MCO, the Malaysian economies was greatly affected.

Property development segment was affected where the stop work order under the MCO has disrupted not our project site work progress, it delayed our planned sales launch and suspended sales and marketing activities. Upon recommencing of site work after approval was granted, with the stringent health guidelines to adhere to, we face shortage of workers at site. In addition, we need to overcome the disruption of material supplies caused to local suppliers as well as from overseas due to freighted disrupted. Sales and marketing activities are restricted due to social distancing SOP where we are moving towards online platform via social medias or virtual show unit.

Mall operations segment has taken the impact severely due to the zero arrivals of tourists where the mall tenants place heavy reliant on tourists spending. We have experienced significant drop in retails outlets sales performance and footfall in the last quarter of the financial year. Vacancy rate spiked up 3.9% in a short span of 4 months from March to June 2020 attributed to early termination of tenancy agreements and non-renewal of tenancies. Notwithstanding this, there were also tenancies expired and renewed. Our rental income was greatly affected due to rental reliefs were given to all our tenants in order to support tenants' business sustainability. To conserve resources in times of uncertainty, we have to suspend certain festive promotion events until next Management review in third quarter this year.

Car park operations segment has seen a quick rebounded of strong vehicular traffic to our parking sites after the gradual lifting of lockdown of industries since May 2020, though we have yet to see it being fully recovered back to the level it was before the MCO on a month-on-month basis.

On group basis, cost optimisation exercises have started with suspending recruitment exercise, salary reduction and deferring spending on non-essential capital items are amongst others on the business survival agenda during these difficult periods. With the bank loan moratorium of 6 months, it provides a breather space for our Group to reprioritise our plans for resilient and sustainability.

With the current weak property market conditions, political and economies uncertainties at this material time, it poses new challenges for the Group to formulate new strategies and plans for the Group and to assess the full impact of the COVID-19.

### Dividend Policy

The Board of directors does not recommend any dividend for the financial year ended 31 March 2020. The Board of directors has not adopted a dividend payout 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. The Group is pleased to present its Sustainability Statement (this "Statement") for financial year ended 31 March 2020, which addresses what the Board of Directors (the "Board") of Asian Pac Group considers as the material economic, environmental, and social risks and opportunities, also known as sustainability matters, arising from the Group's business operations as well as those impacting the Group's operations, collectively known as the "Material Sustainability Matters", and how these Material Sustainability Matters are managed.

This Statement is prepared in accordance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa") and has considered the Sustainability Reporting Guide - 2nd Edition and its accompanying Toolkits issued by Bursa.

Unless otherwise stated, the scope in this Statement includes all the Group's key business segments, namely the Property Development Segment, Mall Operations Segment, and Car Park Operations Segment, which represent the Group's 3 main business segments.

Note that unless otherwise stated, this Statement only covers the Group's three (3) car park operations owned and managed by the Group in Kota Kinabalu and does not cover one (1) car park operation in Kepong, which has just started operation with minimum activity during the financial year, and two (2) other car park operations in Kelana Square and Zenith Corporate Park for which the Group provides management services only.

Details of the operations of each segment are available in the "Highlights" Section and the "Management Discussion and Analysis" of this Annual Report.

## Governance Structure

The Group's business sustainability is spearheaded by the Board, who is primarily responsible for the overall sustainability performance of the Group by reviewing and adopting strategies which support long-term value creation taking into account economic, environmental, and social considerations. The Board has delegated the role and responsibilities for overseeing the adequacy and effectiveness of the Group's sustainability management and reporting process and reviewing that all material sustainability matters are considered and managed throughout the Group's business operations to the Audit and Risk Management Committee ("ARMC").

In addition, the Risk Management Working Committee ("RMWC"), which is helmed by key management personnel, has been tasked to assist the Board and ARMC in identifying, assessing, and overseeing the management of the Group's sustainability matters, with specific focus on Material Sustainability Matters, as the Group integrates sustainability into its risk management system. Furthermore, the RMWC is entrusted with the following responsibilities:

- 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.

### Materiality Assessment and Stakeholder Engagement

For the financial year under review, the RMWC members, together with relevant Senior Management and Management personnel, performed a review of the Group's materiality assessment, reviewing the Group's sustainability risks and opportunities taking into consideration the views of the Group's stakeholders, both internal and external, as well as Management of the Group's businesses.

In order to obtain an understanding of its stakeholders, the Group has identified and categorised its 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:

Key Stakeholders	Engagement Approaches and Methods	Key Engagement Focus Areas
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Performance appraisal</li> <li>• On-the-job training</li> </ul>	<ul style="list-style-type: none"> <li>• Employee benefits</li> <li>• Career development and/or talent management program</li> <li>• Competency and knowledge development</li> <li>• Occupational safety and health</li> </ul>
<b>Customers and End-consumers</b>	<ul style="list-style-type: none"> <li>• Via project managers (for Property Development Segment)</li> <li>• Survey forms (for Mall Operations Segment)</li> <li>• Mall events and programs (for Mall Operations Segment)</li> <li>• Social Media, e.g. Facebook, Instagram, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality and timeliness</li> <li>• Consumer experience</li> <li>• Security and safety</li> <li>• Affordability</li> </ul>
<b>Contractors</b>	<ul style="list-style-type: none"> <li>• Day-to-day business dealings</li> <li>• Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality and timeliness</li> <li>• Security, safety, health and environment</li> <li>• Impact on community</li> </ul>
<b>Consultants and Property Managers</b>	<ul style="list-style-type: none"> <li>• Day-to-day business dealings</li> <li>• Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable design</li> <li>• Impact on community</li> </ul>
<b>Investors and Shareholders</b>	<ul style="list-style-type: none"> <li>• Annual General Meetings and Extraordinary General Meetings, if any</li> <li>• Announcements</li> <li>• Company website</li> </ul>	<ul style="list-style-type: none"> <li>• Return on investment</li> <li>• Profitability</li> </ul>
<b>Financial Institutions and Lenders</b>	<ul style="list-style-type: none"> <li>• Day-to-day business dealings</li> <li>• Annual reviews</li> </ul>	<ul style="list-style-type: none"> <li>• Return on investment</li> <li>• Profitability</li> <li>• Financial obligations</li> </ul>
<b>Government Agencies, Law Enforcers and Regulators</b>	<ul style="list-style-type: none"> <li>• Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable design, including accessibility</li> <li>• Security, safety, health and environment</li> <li>• Impact on community</li> <li>• Compliance</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Events and invitation for coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Reputation</li> </ul>

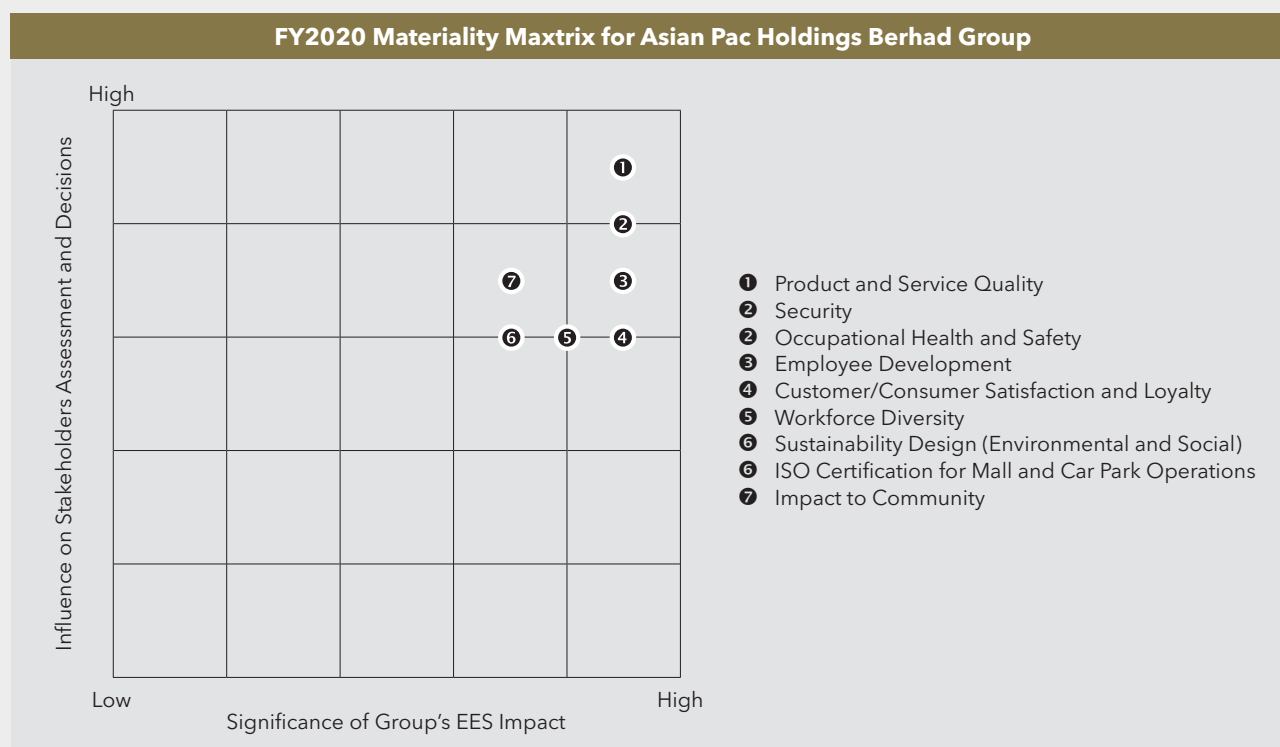


## Materiality Assessment and Stakeholder Engagement (cont'd)

The Group's review of its materiality assessment considers 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 review 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 are presented in the following materiality matrix.



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

Asian Pac Group Material Sustainability Matters		Group-wide	Property Development	Mall Operations	Car Park Operations
Product and Service Quality	• Product and Service Quality		✓	✓	✓
	• Customer/ Consumer Satisfaction and Loyalty				
Sustainable Design and Practices	• Sustainable Design (Environmental and Social)		✓	✓	✓
	• ISO Certification for Mall and Car Park Operations				
Safety, Health, and Security	• Security		✓	✓	✓
	• Occupational Health and Safety				
Impact on Community	• Impact on Community	✓	✓	✓	
	• Employee Development				
Employee - Diversity and Development	• Workforce Diversity	✓			

## Sustainability Statement

### Product and Service Quality

The Group is committed to delivering quality products and services in a timely manner, maximising value creation for the Group's customers.

### Property Development

The Group places emphasis on the quality of its property development projects since the very beginning of the launch of every project. The Group adopts 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.

To this end, we have a process for the systematic reporting and monitoring of project development progress including bi-weekly progress tracking and regular quality checks as discussed above. The Group engages and communicates closely with project contractors to collaborate and work towards achieving quality development. Furthermore, understanding that the capability of contractors is a crucial determining factor for quality products and services, the Group performs stringent assessment and evaluation of its contractors before engaging them and periodically to ensure contractors engaged meet the expectations of the Group.

For the financial year under review, the currently ongoing project Fortune Centra launched in May 2017 had marked a 79% completion as at 31 March 2020. Due to various reasons including the impact of the COVID-19 pandemic outbreak which is affecting the domestic economy as well as the global economy, coupled with the movement control order ("MCO") of various degrees imposed by the federal governments, the expected completion of the Fortune Centra has been revised to the first quarter of 2021.

### Mall Operations

Our Mall Operations Segment 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 Operations Segment 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, which include, amongst others, footfall and occupancy rate. Footfall measures the volume of mall visitors while occupancy rate measures the rate of tenant occupancy throughout the mall's lettable units. These performance metrics allows Imago to analyse and strategise its approach towards offering services and events that the shopper community needs and thereby creates shared value for all stakeholders.



## **Product and Service Quality (cont'd)**

### **Mall Operations (cont'd)**

Despite the impact of the COVID-19 outbreak and the government-imposed MCO which had impacted footfall during February and March 2020, the average footfall performance of Imago for FY2020 remains to be almost at par with its FY2019 footfall, with only a 1% drop in the overall average. This is largely contributed by the increased number of shoppers during major local and international festivals and the celebrations and events held and organised by Imago throughout the financial year before the COVID-19 outbreak. On the other hand, Imago has also maintained a healthy occupancy rate with an average of well above 90% during the financial year.

We 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. Visitors are encouraged to provide feedback via the survey forms available at Imago's concierge or operation centre, located at Ground Floor and Mezzanine Floor respectively, as well as via our Facebook page or Instagram.

Through these surveys and engagements, we keep track of our customers and shoppers' satisfaction and listen to their views, comments, and suggestions. Continuous efforts have been put into maintaining close engagement with our customers and shoppers to enhance their visiting experience at Imago.

The launching of Imago's Loyalty Program has been delayed due to market conditions and the COVID-19 pandemic outbreak. The Group is conducting ongoing assessment of the market condition which largely hinges on the handling and containment of COVID-19 internationally, regionally, and domestically to determine the appropriate timing of the launching of Imago's Loyalty Program which creates significant impact towards achieving the objectives of the program.

### **Car Park Operations**

The Group's three (3) car park sites located in Kota Kinabalu, Sabah, 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 are working closely with the mall operations 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. During peak hours, personnel will be stationed at the key road exit point to direct and regulate traffic to facilitate smooth and safe traffic of visitors exiting Imago.

Kota Kinabalu remains to be a fast-growing city in Malaysia and that has led to continuous expansion of the city's traffic volume. Imago will continue to maintain close engagement with the relevant authorities and professionals to improve the traffic conditions surrounding Imago and its car parks.

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. Currently, the LED light replacement initiatives for all our car park operations have been completed, creating a comfortable environment for our car park users while achieving better energy efficiency, as well as creating better value creation for the resources we utilise. Further details on the energy efficiency aspects of the initiatives are set out in **Sustainable Design and Practices** below.

## **Sustainability Statement**

### **Product and Service Quality (cont'd)**

#### **Car Park Operations (cont'd)**

Further to that, as quality management is essential to building long-term sustainability, our car park operations in Kota Kinabalu are currently pursuing ISO Integrated Management System for ISO 9001: Quality Management System and ISO14001: Environmental Management System certification. The certification process was unable to be completed during the financial year mainly due to the COVID-19 pandemic outbreak and is still currently ongoing.

Across all our car park operations, i.e. those owned and managed by the Group in Kota Kinabalu and Kepong and those managed by the Group at Kelana Square and Zenith Corporate Park, the Group ensures personnel involved in operations are well equipped with the skills and capabilities to provide excellent services to the Group's customers and car park users.

### **Sustainable Design and Practices**

The Group integrates environmental and social considerations into its company strategy as the Group believes that 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 aims to build sustainable green buildings by considering how environmental and social impacts can be reduced. The Group is diligent in the selection of building materials, placing emphasis on environmentally friendly building materials, such as using Volatile Organic Compound ("VOC")-free paint and aluminium formwork. VOC-free paint produces less harmful organic emission and contributes to better indoor air quality in home units, enabling safer and healthier environment for occupants. See further details on VOC-free paint in Safety, Health, and Security Section of this Statement. On the other hand, the use of aluminium formwork aims to reduce construction waste produced from using timber formwork which commonly has much lower reusability. Aluminium formwork also enables better finishing quality and construction accuracy, elevating the capability of the Group to develop quality housing and properties.

Sustainability from the aspects of environmental and social impacts is considered from design to construction. Such considerations are made from the beginning of the conceptualisation of project ideas, which also takes into account economic conditions and demographics, and are carried out through close engagement and collaboration with our architects, quantity surveyors, contractors, and professionals engaged for the projects. The implementation and performance of sustainability initiatives and designs also form part of the focus of the bi-weekly progress tracking of projects.

The Group's projects incorporate sustainable designs and practices and it also works towards obtaining Green Building Index ("GBI") Certification for some of its projects. GBI is an industry recognised rating tool widely used in Malaysia to assess sustainable development. The assessment criteria used for GBI Certification include, amongst others, energy efficiency, indoor environmental quality, sustainable site planning and management, materials and resources use, water efficiency and innovation.

Our currently ongoing project Fortune Centra features a series of sustainably designs and technology which aims to, amongst others, enable efficient use of resources, such as water-efficient landscaping and water-efficient fittings to reduce water use and wastage and also regenerative drive lifts which reduce the electricity consumption as compared to conventional lift technologies.



## **Sustainable Design and Practices (cont'd)**

### **Mall Operations**

#### **Inclusion**

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 people with physical challenges to allow everyone the opportunity to have access to our mall through our Ground Floor entrance.

Imago is designed to be a family-friendly mall. 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 also 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 microwave ovens, water dispensers, and wash basins. Cognisant of the fact that we have a diverse community with different religious beliefs, we have also provided halal and non-halal microwave ovens.

#### **Environment**

Imago remains to be in the process of obtaining ISO 14001: Environmental Management System ("EMS"). EMS enables operations to systematically consider and manage the Group's environmental responsibilities, impacts, and performance. The pursuit of the certification is a commitment of our belief in creating environmentally sustainable operations. While the pursuit process is being delayed mainly by the COVID-19 pandemic, we are maintaining ongoing engagement with the relevant stakeholders for a practical approach towards continuing our pursuit.

Imago is supportive of recycling programs and has implemented a few recycling programs during the financial year under review, such as the recycling of carton boxes. During the financial year under review, we have collected and recycled approximately 55,000 kg of carton boxes to certified recycling company, contributing to the preservation of limited resources and creating less waste.

In addition, we also have in place processes to ensure scheduled waste is disposed of properly via licensed contractors. We are in the midst of looking into stationing recycling bins around the mall, in an effort to do a bit more to preserve and protect the environment.

#### **Conserving Resources**

Our operation in Imago actively seek ways to reduce the consumption of resources, such as electricity, water, and gas. Electricity and energy represent a significant portion of Imago's operating cost as well as resource consumption. At Imago, the mall's lighting and air-conditioning systems are managed via a Building Automation System ("BAS") which is a computerised system for the centralised management of Imago mall environment, such as lighting, air-conditioning, ventilation, etc. BAS facilitates our monitoring of Imago's energy consumption trends and patterns, which enables us to identify opportunities to enhance energy efficiency or energy saving. 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 Imago's office environment as part of a joint effort by everyone to bear their own environmental responsibilities.

### Sustainable Design and Practices (cont'd)

#### Mall Operations (cont'd)

##### Conserving Resources (cont'd)

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 the use of electricity and mechanical wear and tear.

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

#### Car Park Operations

Electricity cost is also one of the most significant operating expenses of the Group's car park operations. In addition, we are aware that local electricity is still mainly sourced from carbon-based fuel such as gas or diesel. As such, in view of enhancing better energy efficiency as well as preserving the environment and resources, we had during the past few years embarked on a journey to invest into energy efficiency initiatives which aim to achieve positive impact from both economical and environmental perspectives.

Subsequent to a series of engagement with professionals, we launched a project to upgrade and replace the light fittings of our car park operations to LED in 2018 and have successfully completed all phases in August 2019, details as follows:

	Progress	Completion
Imago Car Park	Completed	March 2019
KK Times Square Car Park	Completed	August 2019
Karamunsing Capital Car Park	Completed	August 2019

We are happy to report that our investment in energy efficiency for our car park operations has produced the following returns:

- (i) **improvement in lighting quality** - Generally, we have experienced a notable improvement in the lighting quality of our car parks. This includes having a brightly illuminated car park environment which provides for better security and more comfortable parking experience, especially in our Imago car park;
- (ii) **lower maintenance and replacement cost moving forward** - LED lights generally have a much longer lifespan than other lighting systems, including fluorescent lamps which we had previously used, and with our car parks fitted with LED lights we are expecting significantly lower maintenance and replacement expenses moving forward;
- (iii) **cost-savings and greater energy efficiency** - LED lighting system is a more energy-efficient lighting system than the previously used fluorescent lighting system. Generally, we have also seen relatively lower electricity consumption in some parts of our car park operations, contributing to some cost-savings and more efficient use of resources.

Our car park operations are in the midst of pursuing ISO Integrated Management System certification which will include ISO 14001: Environmental Management System ("EMS").



## **Sustainable Design and Practices (cont'd)**

### **Car Park Operations (cont'd)**

As part of our commitment to ISO 14001, our teams from both our mall and car park operations continuously source for local materials, suppliers, and contractors where possible, to reduce potential transportation as well as to promote local economic growth. 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.

## **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 Group's product has a direct impact on the safety and health of our homebuyers and tenants of our property units as they live and stay in the Group's development. As previously discussed, the Group takes into account environmental and social aspects beginning from the design process of a property development project and that includes ensuring compliance with national and local design and building safety standards and codes, including, amongst others, the Uniform Building By-Laws 1984 and the Occupational Safety and Health Act 1994.

Furthermore, we also place particular emphasis on indoor air quality which affects the health of occupants staying in the property units. It is common that indoor air quality may be found to be worse than outdoor air quality due to the emission of hazardous chemical from paint or glue used in wall finishing, flooring, and even furniture. The Group is careful in its selection of materials used as interior finishing so as to provide healthier and safer indoor air quality throughout its property units. Paint is widely used as finishing in our property units and we are conscious of the health risk of using paint with high levels of VOC which may cause symptoms such as headaches and dizziness as well as long-term negative impacts on the human body when exposed to it in the long term. In order to address this, the Group has established a policy to use only VOC-free paint in its property development projects.

The construction of our property development projects is undertaken by contractors and subcontractors. Nevertheless, we 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.

Occupational and product safety and health in the property development segment is communicated throughout our engagement with the relevant stakeholders, such as consultant, architects, and contractors. Regular quality checks conducted by the Group also consider if building safety standards and codes are met and if materials used are in accordance with those specified by the Group. In addition to that, contractors' performance of their management of occupational safety and health risk during construction is required to be reported in the bi-weekly progress tracking reports.

## Sustainability Statement

### Safety, Health, and Security (cont'd)

#### Mall Operations

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 various sorts of 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. The training provided enables our security team to be familiar with the standard policies and procedures to, amongst others, deal with various sorts of safety, security, or emergency situations to create a safe environment for our employees, our tenants, and our customers.

We are also in the process of building 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 Operations

The disclosure of this section generally covers all our car park operations, i.e. those owned and managed by the Group in Kota Kinabalu and Kepong and those managed by the Group at Kelana Square and Zenith Corporate Park, unless specifically stated otherwise.

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.

For our car park operations in Kota Kinabalu, the currently enhanced lighting conditions of our car parks 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.

## Impact on Community (cont'd)

### Property Development (cont'd)

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 issues raised.

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 on the community arising from the Group's property development activities.

### Mall Operations

Imago encourages the development of businesses by locals in order to promote the development of economy at the local business community level, which leads to the 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 tenancing 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
International Brands	27%
National Brands, apart from Sabah Brand	61%
Sabah Brands	12%

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.

Imago incorporates local and regional celebrations and festivities, such as Pesta Kaamatan (Harvest Festival), permanently into its events calendar. At our own cost, we have also introduced a permanent local cultural dance program 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 2019 which is held once every two years.



## Sustainability Statement

### Impact on Community (cont'd)

#### Mall Operations (cont'd)

Through our events at Imago mall, we celebrate local cultures and festivals together with our customers from local and overseas. Furthermore, we reach out to the community via a hybrid of platforms including online and social media as well as physical event space. For example, for one of our highlight events during FY2020, the Harvest and Hari Raya Festival 2019 - "The Divine", we opened up for the internet community to participate in the online voting judging process for our Kaamatan Video Contest, Ratu Serempak beauty pageant contest and the Little Kaamatan beauty pageant contest. The activities had not only helped Imago reach a wider engagement outreach online but also helped to promote local talents at a platform with no boundaries virtually.

#### Hope Express

"Hope Express" is our kids' train ride and charity campaign in Imago which undertakes to donate all ride fares, paid by the public voluntarily, to charity while Imago handles the cost of running the services and event. The most recent donation was made to Rumah Kanak-Kanak Bondulu Gereja Katolik Toboh Tambunan, a children's home, with the RM48,874.91 collected during the period from 1 January 2019 to 31 December 2019. The home provides for children requiring shelter especially from the interior of Sabah, such as Tambunan and Keningau area.

Apart from the above, Imago also supports corporate social responsibilities ("CSR") activities and sponsored or contributed to events aimed at promoting and creating societal and community value. During the financial year under review, Imago sponsored and contributed to CSR activities including blood donation campaigns, promotion of local culture and tourism (e.g., Persembahan Pocket Show Dan Sabah Festival 2019 and Sabah International Youth Folk Dance Festival), promotion of local agricultural produce (e.g., FAMA Jualan Terus Dari Ladang), and development of business and industry (e.g., Program Satu Daerah Satu Industri (SDSI) Sabah 2019).

#### 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. In May 2019, in conjunction with Ramadan, the Group's employees based in KL organised an activity to visit and distribute dates and bubur lambuk to Pusat Transit Gelandangan KL and their staff.

## Employee 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.

	31 March 2019			31 March 2020		
	Management*	Non-Management	Total	Management*	Non-Management	Total
Local	17	219	236	20	321	341
Foreign	0	0	0	0	0	0
Male	14	153	167	17	222	239
Female	3	66	69	3	99	102
Less than 30 years old	0	94	94	0	138	138
30 years old - 50 years old	11	111	122	13	162	175
More than 50 years old	6	14	20	7	21	28
<b>Total number of the Group's employees</b>		<b>236</b>			<b>341</b>	

Note \*: Management level has been redefined from senior manager position and above during the financial year

During the financial year under review, the Group has seen more than 44% increase in its workforce due to expanded business activities across the Group's businesses. A significant portion of the Group's workforce is based in Sabah, which has a population with rich and blended cultural backgrounds. The Group does not actively identify or group its workforce by ethnicity or cultural background. The Group's merits-based approach towards employment 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 also of culture and tradition.

Imago itself has created more than 2,000 job opportunities for the local community, including those employed by the Group and job opportunities across Imago's value chain, such as in the businesses of Imago's tenants. With non-stratified retail management being a relatively new concept in Sabah brought in by Imago, the operation workforce is generally young with a good spread from fresh graduates to experienced seniors.

The Group has approximately 30% female representation in its workforce and is aware that conscious effort is required to close the gender gap while maintaining the principle of meritocracy. We remain to aim towards a target of 33% female representation as we look towards a more balanced gender representation in our workforce.

### Employee Diversity and Development (cont'd)

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. The Group continuously invests in developing employees from all aspects including functional development, leadership, soft skills, occupational safety and health, and development of relevant laws and applications.

For the financial year under review, 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 management systems and audit** – including training on ISO 14001: Environmental Management System and ISO 9001: Quality Management System;
- **financial reporting standards and tax;**
- **development of laws and regulations** – including training on Section 17A of MACC Act 2009;
- **property development and construction** – including training on CIDB Green Card and industry conference;
- **mall management** – including training on tenancy management and contracts;
- **electricity and energy management;**
- **waste management;**
- **occupational safety and health and security** – including training on chemical handling, oil spill management, fire training, and training for security officers;
- **employment and labour** – including training on industrial relations and employment and labour laws;
- **digital marketing;** and
- **leadership training, team building, and capacity building skills.**

For the financial year under review, the Group employees have completed more than 6,000 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 the registration and training with Suruhanjaya Tenaga as Registered Electrical Energy Manager ("REEM") for selected employees of management and executive levels. As a REEM, these employees benefited from skills development and at the same time elevate the Group's capabilities and reduce the Group's reliance on external consultants.

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 provides financial incentives to reward 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 2020, the Group presented 7 employees who have been with the Group for 10 years or more with its Long Service Award.



## **COVID-19 Response**

In response to managing business operations in the midst of COVID-19 pandemic outbreak, the Group's businesses are guided by the applicable and relevant instructions of the federal and state governments, including pertaining to MCO of various degrees and putting in place standard operating procedures to detect COVID-19 symptoms in visitors and employees as well as to practice social distancing measures to minimise the risk of spreading of disease.

For the Group's Property Development Segment, contractors are required to adhere to government instructions and implement applicable standard operating procedures at the construction site. As for the Mall Operations and Car Park Operations Segments, temperature checks are conducted at entrances before anyone enters Imago or the car parks.

Furthermore, Imago visitors and tenants are required to provide their contact details which are only to be used when contact tracing is required. Masks and sanitisers are also provided and required for all mall visitors and tenants. We will continue the implementation of safety measures to provide a safe environment for our employees, tenants, customers, and relevant stakeholders.

Imago revised and reduced its opening hours to have its resources focus on sanitising efforts, which include thorough sanitising of the mall and areas such as toilets, lifts and lift buttons, and escalator handrails. In addition, high-risk contact areas such as lift buttons and escalator handrails are sanitised regularly throughout the mall operating hours. The mall also imposed a narrower window for the delivery of goods to mall tenants to have a better and closer monitoring of external contact.

On top of putting in place control measures to contain and reduce risk exposure for our stakeholders, we also try to provide support where we can. Imago sponsored the "We Care We Love Charity Dinner" on 18 February 2020 in aid of victims of the COVID-19 epidemic in China. On top of that, to show appreciation and support of the sacrifices of the doctors and nurses and other front liners leading the fight against the COVID-19 pandemic, we sponsored meals for Hospital Queen Elizabeth and Hospital Wanita dan Kanak-Kanak Sabah (Hospital Likas) for the period from 21st to 31st March 2020.

## **Sustaining Our Future**

It is more important than ever that, in the environment and society that we live in today, we conduct our business sustainably, taking care of our economy, our environment, and our society and people. The Board, via the Group's established processes for managing the business sustainably, will continue to provide leadership to steer the Group to achieving sustainable growth and creating shared value to its stakeholders.

# 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
- **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

## AUDIT AND RISK MANAGEMENT COMMITTEE

- Dato' Mohamed Salleh Bin Bajuri (Chairman)
- 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

## 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

## 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

## SECRETARIES

- Ms Chan Yoon Mun, ACIS  
MAICSA 0927219/SSM PC No: 202008000391
- Ms Ooi Mei Ying, ACIS  
MAICSA 7051036/SSM PC No: 202008000797

## AUDITORS

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

## REGISTERED OFFICE

12<sup>th</sup> Floor, Menara SMI  
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50250 Kuala Lumpur  
Tel No: 03-2786 3388  
Fax No: 03-2786 3386  
Website: [www.asianpac.com.my](http://www.asianpac.com.my)

## SHARE REGISTRAR

Tricor Investor and 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

## PRINCIPAL BANKERS

Affin Islamic Bank 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 76**

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 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 and Sime Darby Plantation Berhad. He is the chairman of the said both listed entities.

Tan Sri Dato' Seri Hj Megat Najmuddin attended all five (5) board meetings which were held in the financial year ended 31 March 2020.

He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest. He does not have any convictions for offences within the past five (5) years.

## **Dato' Mustapha Bin Buang**

**Managing Director**

**Malaysian, Male, Aged 72**

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 2020.

Dato' Mustapha does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest. He does not have any convictions for offences within the past five (5) years.



## Directors' Profile

### Ms Tan Siew Poh

**Non-Independent Non-Executive Director**  
**Malaysian, Female, Aged 57**

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 2020.

Ms Tan does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement with the Company in which she has a personal interest. She does not have any conviction for offences within the past five (5) years.

### Dr Yu Tat Loong

**Executive Director**  
**Malaysian, Male, Aged 44**

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 2020.

Dr Yu does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement with the Company in which he has a personal interest. He does not have any conviction for offences within the past five (5) years.

**Ms Soon Dee Hwee**

**Independent Non-Executive Director**  
**Malaysian, Female, Aged 59**

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 HDM Capital Sdn Bhd.

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 2020.

Ms Soon does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement with the Company in which she has a personal interest. She does not have any conviction for offences within the past five (5) years.

**Mr Sherman Lam Yuen Suen**

**Independent Non-Executive Director**  
**Malaysian, Male, Aged 47**

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

Mr Sherman started his career with Fulton Prebon (M) Sdn Bhd, a financial services subsidiary of Seacorp (a PNB company) in 1994. Thereafter, he joined Utama Merchant Bank Berhad, (an investment bank jointly owned by Utama Banking Group Berhad and HSBC Investment Bank Asia Ltd) in 1997, as its Chief Dealer and Treasury Manager. He then joined a regional corporate finance advisory outfit, Nikkei Pacific Corporate Advisors as an Associate Director until his resignation in late 2002 to start-up Cirrus Ventures, a private equity and strategy consulting firm operating in the APAC region. Mr Sherman 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.

Mr Sherman holds a Master's Degree in Business Administration (Finance) from Charles Sturt University, Australia. He is a Chartered Accountant of the Malaysian Institute of Accountants, a Chartered Management Accountant of the Chartered Institute of Management Accountants of UK, a Certified Practising Accountant of CPA Australia, a Fellow of the Institute of Public Accountants Australia, a Chartered Audit Committee Director of the Institute of Internal Auditors Malaysia and a CFP certified member of the Financial Planning Association of Malaysia.

Mr Sherman attended five (5) board meetings for the financial year ended 31 March 2020.

Mr Sherman does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement with the Company in which he has a personal interest. He does not have any conviction for offences within the past five (5) years.

## Directors' Profile

### **Dato' Mohamed Salleh Bin Bajuri**

**Independent Non-Executive Director**

**Malaysian, Male, Aged 69**

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 Maybank 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.

Dato' Salleh attended five (5) board meetings for the financial year ended 31 March 2020.

Dato' Salleh does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement with the Company in which he has a personal interest. He does not have any conviction for offences within the past five (5) years.



# SENIOR MANAGEMENT'S PROFILE

## **Mr Chang Tze Yoong**

**Senior General Manager, Property Division**  
**Malaysian, Male, Aged 43**

Mr Chang Tze Yoong has 20 years of experience in the property development industry. He holds a Master's Degree in Business Administration (International Business) from the University Putra Malaysia and a Bachelor's degree in Civil and Structural Engineering from the National University of Malaysia. He began his professional career as an engineer involved with the 600ac township development of Pantai Sepang Putra. He was also the Unit Profit Centre Manager in the Property Development Division of Sunway Berhad which he worked for 11 years. Over the course of his career, he was involved in property development projects ranging from master planned townships and integrated developments with retail, commercial and residential. Prior to joining Asian Pac Group in August 2018 as the Senior General Manager, Property Division, he served as the Head, Project Technical of Mah Sing Group Berhad for 2 years.

## **Mr Wong Yee Kean (Ken)**

**Financial Controller**  
**Malaysian, Male, Aged 47**

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 44**

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.

## **Notes**

Save as disclosed above, none of the Senior Management have:

- Family relationship with any Director and/or substantial shareholder of the Company;
- Conflict of interest with the Company; and
- 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 following 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:

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

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. Details of the application are summarized as below:

	Total	Adopted	Departure	Not Applicable	Not Adopted
Recommended Practices	32	27	4	0	1
Step-up practices	4	1	0	0	3

The following are the 4 recommended practices which the Company has not applied:

- Practice 4.5 – The Board must have at least 30% women directors.
- Practice 4.6 – The Board should utilizes independent sources to identify suitably qualified candidates.
- Practice 7.2 – To disclose the top five senior management's remuneration on named basis.
- Practice 12.3 – Leveraging on technology to facilitate voting in absentia and remote shareholders' participation at general meetings.

The Board is pleased to present this statement supported by the Corporate Governance Report ("CG Report") which is accessible online at the Company's website, [www.asianpac.com.my](http://www.asianpac.com.my). The CG Report provides the details on how Asian Pac Group has applied the three (3) abovesaid principles outlined in the MCCG during financial year ended 31 March 2020 ("FYE 2020") as well as the departures from the abovementioned practices.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Part I – Board Responsibilities

#### 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 Board roles and responsibilities, amongst others, are as follows:

- Review and adopt strategic plan and annual budget for the Group.
- Oversee the conduct of the Group's business to evaluate whether the business is being properly managed.
- Identify principal risks and ensure the implementation of appropriate systems to manage these risks.
- Succession Planning including appointing, reviewing the retention or replacement of Board members, Managing Director/ Executive Director and Senior Management.
- Review the adequacy and the integrity of the Group's internal control systems and management information system, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- Review the statement in respect of financial statements to give a true and fair view of the state of affairs of the Group.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part I - Board Responsibilities (cont'd)****Board Roles and Responsibilities (cont'd)**

The Key Roles of the Board are as follows:

Role	Key Responsibilities
Chairman	Preside over meetings of Directors and ensure efficient organization and conduct of the meeting for the smooth functioning of the Board in the interest of good corporate governance.
Managing Director ("MD")	Develop and execute the Group's strategies in line with the Group's direction. Oversee the operations and drive the Group's business and performance together with the Executive Director.
Executive Director ("ED")	Oversee the day-to-day operations and management within his assigned responsibilities; and liaises frequently with the MD and leads the Management to drive the Company and the Group forward.
Non-Executive Directors	Monitor and oversee Management's conduct in running the business while bringing their expertise and wisdom to bear on the decision-making process.

**Separate roles of Chairman and MD/ED**

The roles and responsibilities of the Chairman and MD/ED are clearly separated and distinct to ensure that there is a balance of power and authority. The Chairman leads the Board by setting the tone at the top, and the MD managing the Board's effectiveness by focusing on strategy governance and compliance.

**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](http://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.



## **Corporate Governance Overview Statement**

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

#### **Part I – Board Responsibilities (cont'd)**

##### **Access to information and advice (cont'd)**

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 Ministry of Domestic Trade and Consumer Affairs 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 Malaysia Securities Berhad ("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.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part I - Board Responsibilities (cont'd)****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 last reviewed in July 2019 and is available on the Company's website, [www.asianpac.com.my](http://www.asianpac.com.my).

**Anti-Bribery and Corruption Policy**

The Company and its subsidiary companies are committed to conducting business dealings with integrity by avoiding practices of bribery and corruption of all forms in the Group's daily operations.

The Board has formalised an anti-bribery and corruption policy, including the setting-up and strengthening of policies and procedures designed to prevent and detect bribery, undertake control measures which are proportionate to the nature and size of the organisation as well as the proper trainings and communications.

The details of this policy is published on the Company's website, [www.asianpac.com.my](http://www.asianpac.com.my).

**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 also fulfil the Practice 4.1 of the CG Code, at least half of the Board comprises Independent Directors. In the event that the number of Independent Directors is reduced below two (2), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of two (2) Independent Directors.

The Board is helmed by effective and experienced directors consist of 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 Profile of Directors' 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:

As at 31 March 2020	Years		
	≥ 1-5	> 5-10	> 11-15
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.

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Part II - Board Composition (cont'd)

##### Tenure of Independent Director and Shareholders' Approval for Retention of Independent Director (cont'd)

Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas ("Tan Sri Dato' Seri Hj 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 Hj 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 Hj 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 Hj 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 Constitution 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 Clause 23.4 of the Constitution 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. In addition, the retiring Directors shall be eligible for re-election at the AGM.

During the financial year under review, the NC held one (1) meeting which was attended by all its members. On 29 June 2020, 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:
  - \* Tan Sri Dato' Seri Hj Megat Najmuddin, Dato' Mustapha Bin Buang and Dr Yu Tat Loong - pursuant to Clause 23.4 of the Constitution of the Company.

The aforesaid directors had expressed their intention to seek for re-election at the 102<sup>nd</sup> AGM.

Self-evaluation had been conducted by each individual Director of the Company including the Independent Directors and a summary of evaluation was furnished to the NC prior to the NC Meeting. The same would be shared with the Board to allow enhancement to be undertaken.

Based on the assessment carried out during the financial year ended 31 March 2020, the Board is satisfied with the level of independence demonstrated by all Independent Directors and their ability to act in the best interests of the Company. All assessments and evaluations carried out by the NC in discharging their duties are documented in the minutes of meetings.



**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part II - Board Composition (cont'd)****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.

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 ("FYE") 31 March 2020, the Board met on five (5) occasions as follows:

- i. 23 May 2019;
- ii. 1 July 2019;
- iii. 23 August 2019;
- iv. 21 November 2019; and
- v. 26 February 2020.

The details of meeting attendance for each Director for the FYE 31 March 2020 are contained in the table below:

Name of Directors	No. Board Meetings Attended/Held
Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas	5/5
Dato' Mustapha Bin Buang	5/5
Ms Tan Siew Poh	5/5
Dr Yu Tat Loong	5/5
Ms Soon Dee Hwee	5/5
Mr Sherman Lam Yuen Suen	5/5
Dato' Mohamed Salleh Bin Bajuri	5/5

## Corporate Governance Overview Statement

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Part II - Board Composition (cont'd)

##### Time Commitment (cont'd)

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 had attended the Mandatory Accreditation Program prescribed by Bursa Securities. The Directors have also, during the financial year attended other relevant training programmes and seminars organized internally and externally. Among the programmes attended were as follows:

Name of Director	Title	Organizer	Date
<b>Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas</b>	• Khazanah Megatrends Forum 2019 "Building Our Collective Brain"	• Khazanah Nasional Berhad	• 7-8 October 2019
	• International Conference on Industry 4.0 "A Global Revolution in Business, Technology & Productivity"	• SEGi University	• 14-16 October 2019
	• ISIS Asia-Pacific Forum 2019 "The Future of the Asia-Pacific Economies Beyond 2020"	• Institute of Strategic and International Studies (ISIS)	• 16 October 2019
	• Session on Corporate Governance & Anti-Corruption	• Securities Commission Malaysia ("SC")	• 31 October 2019
	• 2019 Forum on Corporate Governance in the Capital Market "Building and Sustaining a Robust Malaysian Capital Market"	• FPLC & MICG	• 5 November 2019
	• Launch of Transparency in Corporate Reporting 2019 "Assessing Malaysia's Top 100 Public Listed Companies"	• MICG	• 7 November 2019
<b>Dato' Mustapha Bin Buang</b>	• Construction & Property Conference 2019	• Comfori Sdn Bhd	• 30 April 2019
<b>Dato' Mohamed Salleh Bin Bajuri</b>	• Cyber Security Awareness	• In House Training - Sam Engineering & Equipment (M) Berhad	• 28 August 2019
<b>Ms Tan Siew Poh</b>	• Related Party Transaction	• Aram Global Sdn Bhd	• 9 July 2019
	• AOB Conversation with Audit Committees	• SC	• 8 November 2019
	• 2019 Tax Seminar	• BDO Tax Services Sdn Bhd	• 23 October 2019
<b>Dr Yu Tat Loong</b>	• Corporate Governance and Anti-Corruption	• Bursa Securities and SC	• 31 October 2019
	• 2020 Budget Seminar - Sustainable & Inclusive Growth Towards High Income Economy	• Malaysian Institute of Accountants ("MIA")	• 21 November 2019

**Corporate Governance Overview Statement****PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Part II - Board Composition (cont'd)****Directors' Training (cont'd)**

<b>Name of Director</b>	<b>Title</b>	<b>Organizer</b>	<b>Date</b>
<b>Ms Soon Dee Hwee</b>	• Rethinking Strategy	• FIDE	• 23 April 2019
	• MIA's Engagement Session with Audit Committee Members on Integrated Reporting	• MIA	• 30 April 2019
	• Masterclass on Cybersecurity: Unseen Treats	• Bank Negara Malaysia	• 18 June 2019
	• Cyber Security in the Boardroom: Accelerating from Acceptance to Action	• Bursa Securities & Deloitte	• 27 June 2019
	• Demystifying the Diversity Conundrum: The Road To Business Excellence	• Institute of Corporate Directors Malaysia	• 5 July 2019
	• Strategies to Combat Corruption & Bribery & Manage Corporate & Personal Liability	• Rahmat Lim & Partners	• 1 August 2019
	• Audit Committee Institute Breakfast Roundtable 2019	• KPMG	• 6 August 2019
	• Executive talk on Integrity and Governance	• Malaysian Institute of Integrity	• 31 October 2019
	• AOB Conversation with Audit Committee	• SC	• 8 November 2019
<b>Mr Sherman Lam Yuen Suen</b>	• 2019 IIA Malaysia National Conference	• The Institute of Internal Auditors Malaysia	• 7-8 October 2019
	• Evaluation Effective Internal Audit Function – Audit Committee's Guide on How To	• Bursa Securities	• 17 October 2019
	• AOB Conversation with Audit Committee	• SC	• 8 November 2019
	• Section 17A Malaysian Anti-Corruption Commission (Amendment) Act 2018	• Securities Industry Development Corporation	• 21 January 2020

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.

## Corporate Governance Overview Statement

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Part III - Remuneration (cont'd)

##### Remuneration Committee ("RC") (cont'd)

##### 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 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 two (2) years. The remuneration of Non-Executive Directors consists 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.

During financial under review, there was a meeting held to review the renewal of service contract of the MD. The meeting was attended by all its members. Besides this, the RC vide circular resolutions reviewed and recommended bonuses to MD and ED as well as salary increment for ED for Board's approval.

##### Directors' Remuneration

The aggregate Directors' Remuneration paid or payable by the Company and the Group for the FYE 31 March 2020 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
<b>Executive Directors</b>					
Dato' Mustapha Bin Buang	-	1,721	221	-	1,942
Dr. Yu Tat Loong	-	-	-	-	-
<b>Non-Executive Directors</b>					
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	60	-	-	5	65
Dato' Mohamed Salleh Bin Bajuri**	105	-	-	5	110
<b>Total</b>	<b>285</b>	<b>1,721</b>	<b>221</b>	<b>20</b>	<b>2,247</b>



## Corporate Governance Overview Statement

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

## Part III - Remuneration (cont'd)

## Remuneration Committee ("RC") (cont'd)

## Directors' Remuneration (cont'd)

Group	Fees RM'000	Salaries & other emoluments RM'000	Bonus RM'000	Meeting Allowance RM'000	Total RM'000
<b>Executive Directors</b>					
Dato' Mustapha Bin Buang	-	1,721	221	-	1,942
Dr. Yu Tat Loong	-	517	75	-	592
<b>Non-Executive Directors</b>					
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	60	-	-	5	65
Dato' Mohamed Salleh Bin Bajuri**	105	-	-	5	110
<b>Total</b>	429	2,238	296	25	2,988

\*\* Dato' Mohamed Salleh Bin Bajuri's fee included the fee for March 2019 which was paid in April 2019.

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

Range of Remuneration	Managing/Executive Directors	Non-Executive Directors
Below RM50,000	-	-
RM50,001 - RM100,000	-	3
RM100,001 - RM150,000	-	2
RM150,001 - RM200,000	1	-
RM200,001 - 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 2020, are as follows:

Range of Remuneration	Top 5 Senior Management
RM200,001 - RM250,000	1
RM250,001 - RM300,000	1
RM300,001 - RM350,000	1
RM350,001 - RM400,000	1
RM400,001 - RM450,000	1

## Corporate Governance Overview Statement

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Part III - Remuneration (cont'd)

##### Remuneration Committee ("RC") (cont'd)

##### Top 5 Senior Management's Remuneration (cont'd)

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 the transparency and accountability aspects of corporate governance applicable to the remuneration of these staff are deemed appropriately served by the above disclosures.

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Part I - Audit Committee

##### Composition of ARMC

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. The Company is in line with the Practice 8.1 of MCCG whereby the Chairman of the Board is not the Chairman of Audit Committee.

The Company fulfills the prescribed requirements of Paragraph 15.09(c) which stated that at least 1 member of the ARMC shall be the member of Malaysian Institute of Accountants ("MIA"); where all members of ARMC except Tan Sri Dato' Seri Hj Megat Najmuddin are the members of MIA.

The composition, authority as well as duties and responsibilities are set out in the terms of reference of ARMC and are published on the Company's website, [www.asianpac.com.my](http://www.asianpac.com.my). The works of the ARMC during the year have been summarized on pages 69 to 71 of the ARMC Report.

##### Assessment of Suitability and Independence of External Auditors

For the FYE 2020, the ARMC has assessed the suitability and independence of the External Auditors ("EA") vide an annual assessment of the suitability and independence of the EA of the Company. In its assessment, the ARMC considered, inter alia, the following factors:

For "Suitability" of the 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.

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)****Part I - Audit Committee (cont'd)****Assessment of Suitability and Independence of External Auditors (cont'd)**

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 MIA 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 102<sup>nd</sup> AGM of the Company.

The ARMC meets with the EA 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 EA will meet the ARMC without the presence of other directors and senior management at least once a year to allow the ARMC and the EA to exchange independent views or matters which require the ARMC's attention. In addition, the EA 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 Risk Management Working Committee ("RMWC") to take charge of the operational risks of the Group. The RMWC 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.

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.

## **Corporate Governance Overview Statement**

### **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**

#### **Part II - Risk Management and Internal Control Framework (cont'd)**

##### **Internal Audit Function (cont'd)**

All internal audits carried out 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 72 to 74 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](http://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](mailto: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.

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.



**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)****Part II - Conduct of General Meetings (cont'd)****AGM (cont'd)**

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 respectively 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 on the Company's website, 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 financial year ended 31 March 2020, 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 12 August 2020.

# 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 Company had fully utilized the Proceeds from the Rights Issue of ICULS with Warrants during the FYE 31 March 2020.

**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.

### 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 30 July 2020			
	No. of Asian Pac Shares	%	No. of ICULS	No. of Warrants
Mah Sau Cheong	182,068,669	17.56	58,800,411	117,600,822
Chin Lai Kuen	5,260,000	0.51	-	-
<b>Total</b>	<b>187,328,669</b>	<b>18.07</b>	<b>58,800,411</b>	<b>117,600,822</b>

### 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	%
Mah Sau Cheong	593,671,546	36.96
Chin Lai Kuen	5,260,000	0.33
<b>Total</b>	<b>598,931,546</b>	<b>37.29</b>

**Additional Compliance Information****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	345,650	62,000
Non-Audit Fees	19,000	19,000

This non-audit fees covers the reviews of (i) Statement on Risk Management and Internal Control (ii) the acquisition of subsidiary, Everest Pioneer Sdn Bhd and (iii) the adoption of MFRS Framework for MFRS 16 Leases.

# 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

Independent Non-Executive Director

### Members

Tan Sri Dato' Seri Hj Megat Najmuddin

Independent Non-Executive Director

Bin Datuk Seri Dr Hj Megat Khas

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, Mr Sherman Lam and Ms Tan are members of Malaysia Institute of Accountants. Accordingly, the Company complies with paragraph 15.09(1)(c) of the Main Market Listing Requirements ("MMLR") of Bursa Securities.

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. These meetings were also attended by the Internal Auditor, Group Accountant and the Financial Controller. The details of the members' attendance records for the FYE 31 March 2020 are as follows:

Name of Directors	No. ARMC Meetings Attended/Held
Dato' Mohamed Salleh Bin Bajuri	5/5
Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas	5/5
Ms Tan Siew Poh	5/5
Ms Soon Dee Hwee	5/5
Mr Sherman Lam Yuen Suen	5/5

## 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 PLT ("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.



**SUMMARY OF WORKS**

Pursuant to the terms of reference of the ARMC, the following activities were carried out by the Committee during the FYE 31 March 2020 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 31 March 2020 on 23 August 2019, 21 November 2019, 26 February 2020 and 29 June 2020 respectively. On 12 August 2020, the ARMC reviewed the annual audited financial statements for FYE 31 March 2020.

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 31 March 2020.

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

**ii) External Auditors**

On 26 February 2020, the ARMC reviewed the 2020 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 12 August 2020, EY had presented the audit report pertaining to the matters arising from the audit for the FYE 31 March 2020 to ARMC as follows:

- (a) EY had completed their audit in accordance with their Audit Plan 2020;
- (b) During the course of 2020 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 31 March 2020;
- (d) the review of the Statement on Risk Management and Internal Control to be included in the Annual Report and its corresponding fees;
- (e) reviewed EY's written affirmation of its 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

### SUMMARY OF WORKS (CONT'D)

#### ii) External Auditors (cont'd)

The ARMC had a discussion session with EY on 12 August 2020 without the presence of the Management.

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 12 August 2020 reviewed and approved the Revised Internal Audit Plan for the financial year ending 31 March 2021 to ensure adequacy of scope, coverage and resources required to perform audits for the identified auditable areas.

The Internal Auditor had on 23 May 2019, 23 August 2019, 21 November 2019 and 26 February 2020 presented the Internal Audit Reports and Internal Audit Progress Reports on the following departments:

- |                             |                                  |
|-----------------------------|----------------------------------|
| (a) Administration;         | (h) Sales & Marketing;           |
| (b) Building Management;    | (i) Project;                     |
| (c) Business Development;   | (j) Human Resource;              |
| (d) Car Park Management;    | (k) Tenant Customer Maintenance; |
| (e) Information Technology; | (l) Engineering & Maintenance;   |
| (f) Leasing;                | (m) Housekeeping; and            |
| (g) Sales Administration;   | (n) Marcom.                      |

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 were 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.

#### 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 on Risk Management and Internal Control.

**SUMMARY OF WORKS (CONT'D)****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 31 March 2020 for the ARMC's approval.
- Completed audit assignments in accordance with the annual audit plan.
- Recommended improvement opportunities arising from the completed audits.
- Reviewed related party transactions entered into by the Company and its subsidiaries on a quarterly basis.
- Reviewed the Statement on Risk Management and Internal Control for publication in the Company's annual report

The total cost incurred from the internal audit function in respect of the FYE 31 March 2020 was RM302,613.

# 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 period ended 31 March 2020.

## 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

### 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/CorporateGovernance/](http://www.asianpac.com.my/CorporateGovernance/) 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

### REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

This statement is reviewed and approved by the Board of Directors in the meeting dated 12 August 2020. 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.

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# 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 2020.

## 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	48,218	12,866
Profit attributable to:		
Owners of the parent	48,301	12,866
Non-controlling interests	(83)	-
	48,218	12,866

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  
Dato' Mohamed Salleh bin Bajuri

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



**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

**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 15 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 24 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 33 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:

	Number of APHB ordinary shares			
	1 April 2019	Acquired	Sold	31 March 2020
<b>Direct interest:</b>				
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
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\* Deemed interested through the shares held by his spouse.

## Directors' Report

### 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.)

	Number of APHB ICULS			
	1 April 2019	Subscribed	Converted/ Sold	31 March 2020
<b>Direct interest:</b>				
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
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\* Deemed interested through the shares held by his spouse.

	Number of APHB warrants			
	1 April 2019	Allotted	Exercised/Sold	31 March 2020
<b>Direct interest:</b>				
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
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\* 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.

**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**

The Company has not issued any new shares or debentures during the financial year.

**Rights 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 allotted 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 2019	Issued	Converted	31 March 2020
ICULS	90,343,961	-	-	90,343,961

	Number of APHB warrants			
	1 April 2019	Issued	Exercised	31 March 2020
Warrants	198,512,922	-	-	198,512,922

**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 expected credit losses and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for expected credit losses; 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.

## Directors' Report

### Other statutory information (cont'd)

- (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 expected credit losses 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.

### Significant events

Significant events are disclosed in Note 32 to the financial statements.



**Auditors**

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

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT	346	62

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, 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 PLT during or since the financial year ended 31 March 2020.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 12 August 2020.

**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 89 to 190 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 2020 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 12 August 2020.

**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) (b) 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 89 to 190 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 12 August 2020

**Wong Yee Kean**  
MIA 18594

Before me,  
No. W530  
Tan Seok Kett  
BC/T/301  
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 2020 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 89 to 190.

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 2020, 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### 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 2020, the carrying value of the Group's investment properties carried at fair value amounted to RM1,318,364,000 which represents approximately 65% of the Group's total assets.

**Independent Auditors' Report  
To the Members of Asian Pac Holdings Berhad  
(Incorporated in Malaysia)**

**Report on the audit of the financial statements (cont'd)**

**Key audit matters (cont'd)**

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

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.

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 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;
- For investment method of valuation (income approach), we assessed whether the key assumptions used in deriving the discounted cash flows such as rental rates for reversion period, void rate and outgoings are consistent with the historical trend of the properties and comparable to similar properties. We also assessed whether the discount rate used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amount, timing and risk profile equivalent to those that the entity expect to derive; and
- For the comparison method of valuation (market approach), we assessed the source data of the comparable transactions used by the valuers. We also obtained an understanding of the adjustments made by the valuer in accounting for differences in, amongst others, the property's location, time factor, property's size and tenure.

**(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 20 and Note 21 to the financial statements)

For the financial year ended 31 March 2020, revenue of RM77,358,000 and cost of sales of RM54,660,000 from property development activities account for approximately 43% and 54% of the Group's revenue and cost of sales respectively which were mainly computed based on stage of completion method.

Stage of completion is determined by the proportion of property development cost incurred for work performed to date, to the estimated/budgeted total property development cost. We focused on this area because management made significant judgement in determining the stage of completion, the extent of the property development cost incurred and the estimated/budgeted total property development cost.



**Independent Auditors' Report  
To the Members of Asian Pac Holdings Berhad  
(Incorporated in Malaysia)**

**Report on the audit of the financial statements (cont'd)**

**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:

- 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 progress towards completion of the property development activities;
- We reviewed samples of sales and purchase agreements entered into with the customers to obtain an understanding of the significant performance obligations, terms and conditions to be satisfied;
- We evaluated the assumptions applied in estimating the total property development costs for each property development project 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 to be incurred; and
- We evaluated the determination of percentage-of-completion by examining supporting evidence such as contractors' progress claims and suppliers' invoices.

**(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 2020, the carrying amount of the Company's investment in subsidiaries stood at RM462,950,000 which represents approximately 80% of the Company's total assets.

During the financial year, the Company recognised reversal of impairment amounting to RM12,300,000 and impairment loss amounting to RM3,698,000 as a result of impairment review on certain subsidiaries. The Company estimated the recoverable amounts by using the value in use ("VIU") method.

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;
- We assessed the key assumption used in estimating the VIU amongst others by comparing to the approved development feasibility study and historical trend analysis of another similar project; and
- We assessed whether the rates used in discounting the future cash flows to its present value were appropriate.

**Independent Auditors' Report  
To the Members of Asian Pac Holdings Berhad  
(Incorporated in Malaysia)**

**Report on the audit of the financial statements (cont'd)**

**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 2020 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Independent Auditors' Report  
To the Members of Asian Pac Holdings Berhad  
(Incorporated in Malaysia)**

**Report on the audit of the financial statements (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 scepticism 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, actions taken to eliminate threats or safeguards applied.

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)**

**Other matters**

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

**Ernst & Young PLT**  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
12 August 2020

**Sundralingam A/L Navaratnam**  
No. 02984/05/2022 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Non-current assets					
Property, plant and equipment	3	7,530	4,894	5	12
Inventories - Land held for property development	4(a)	376,583	54,326	-	-
Investment properties	5	1,318,364	1,319,614	-	-
Intangible asset	6	37,370	445	-	-
Investments in subsidiaries	7	-	-	462,950	450,213
Investment in an associate	8	-	-	-	-
Non-current financial asset	9	1,942	4,128	638	1,354
Prepayment		-	3,797	-	-
Deferred tax assets	10	160	7	4	7
		1,741,949	1,387,211	463,597	451,586
Current assets					
Inventories - Property development costs	4(b)	133,039	130,181	-	-
Inventories - Completed properties and others	4(c)	6,383	25,833	-	-
Trade and other receivables	11	53,171	84,475	112,244	95,516
Contract assets in respect of property development	11(d)	43,972	25,582	-	-
Accrued income		2,005	4,284	-	3
Prepayment		441	1,156	70	67
Tax recoverable		1,594	5,698	78	8
Short term investments	12	13,044	21,479	2,062	18,739
Cash and bank balances	13	45,396	59,201	1,145	8,351
		299,045	357,889	115,599	122,684
Total assets		2,040,994	1,745,100	579,196	574,270



**Statements of Financial Position**  
**As at 31 March 2020**

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Equity and liabilities</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	14	210,977	210,977	210,977	210,977
Other reserves	15	77,041	79,227	155,268	155,984
Retained earnings		805,075	756,774	160,499	147,633
		1,093,093	1,046,978	526,744	514,594
<b>Non-controlling interests</b>		3,549	2,835	-	-
<b>Total equity</b>		1,096,642	1,049,813	526,744	514,594
<b>Non-current liabilities</b>					
Deferred tax liabilities	10	241,820	228,237	-	-
Trade and other payables	17	155,246	55,042	12,283	14,897
Lease liabilities	18	795	-	-	-
Provisions	19	-	2,954	-	-
Loans and borrowings	16	397,869	214,672	7,581	9,804
		795,730	500,905	19,864	24,701
<b>Current liabilities</b>					
Loans and borrowings	16	63,315	122,477	25,000	25,039
Trade and other payables	17	69,830	56,322	7,588	9,936
Lease liabilities	18	697	-	-	-
Provisions	19	12,253	14,397	-	-
Prepayment from tenants		684	684	-	-
Tax payable		1,843	502	-	-
		148,622	194,382	32,588	34,975
<b>Total liabilities</b>		944,352	695,287	52,452	59,676
<b>Total equity and liabilities</b>		2,040,994	1,745,100	579,196	574,270

*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 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	20	178,173	144,411	14,422	6,007
Cost of sales	21	(101,406)	(72,184)	(2,080)	(954)
Gross profit		76,767	72,227	12,342	5,053
Other income	22	39,900	55,744	12,517	5,495
Employee benefits expense	23	(19,154)	(17,268)	(3,137)	(2,967)
Depreciation		(2,757)	(2,937)	(7)	(130)
Other expenses		(14,425)	(8,828)	(5,126)	(4,048)
Operating profit		80,331	98,938	16,589	3,403
Finance costs	25	(26,748)	(24,078)	(3,720)	(2,778)
Profit before tax	26	53,583	74,860	12,869	625
Income tax (expense)/benefit	27	(5,365)	(22,176)	(3)	6
Profit for the year		48,218	52,684	12,866	631
<b>Profit attributable to:</b>					
Owners of the parent		48,301	52,686	12,866	631
Non-controlling interests		(83)	(2)	-	-
		48,218	52,684	12,866	631

## Earnings per share attributable to owners of the parent (sen per share):

### Basic earnings per share

Before mandatory conversion of ICULS	28(a)	4.7	5.1
After mandatory conversion of ICULS	28(a)	3.2	3.5

<b>Diluted earnings per share</b>	28(b)	3.2	3.5
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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 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Profit for the year</b>	48,218	52,684	12,866	631
<b>Other comprehensive (loss)/income:</b>				
<i>Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>				
Fair value gain on revaluation of property, plant and equipment	-	916	-	-
Fair value loss on financial assets at fair value through other comprehensive income	(2,186)	(607)	(716)	(199)
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	(2,186)	309	(716)	(199)
Total comprehensive income for the year, net of tax	46,032	52,993	12,150	432
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	46,115	52,995	12,150	432
Non-controlling interests	(83)	(2)	-	-
	46,032	52,993	12,150	432

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 2020

Group	Attributable to owners of the parent					Non-controlling interests RM'000 (Note 7)	Total equity RM'000
	Non-distributable		Distributable				
	Share capital RM'000 (Note 14)	Other reserves RM'000 (Note 15)	Revaluation surplus RM'000 (Note 15)	Retained earnings RM'000	Total RM'000		
<b>At 31 March 2020</b>							
At 1 April 2019	210,977	78,311	916	756,774	1,046,978	2,835	1,049,813
Total comprehensive (loss)/income for the year	-	(2,186)	-	48,301	46,115	(83)	46,032
Increase of subsidiary's share capital	-	-	-	-	-	15	15
Acquisition of a subsidiary	-	-	-	-	-	782	782
At 31 March 2020	210,977	76,125	916	805,075	1,093,093	3,549	1,096,642
<b>At 31 March 2019</b>							
At 1 April 2018, as previously stated	209,943	79,797	-	701,550	991,290	-	991,290
Effects of adoption of MFRS Framework	-	-	-	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

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

Company	Non-distributable		Distributable	Total equity RM'000
	Share capital RM'000	Other reserves RM'000	Retained earnings RM'000	
	(Note 14)	(Note 15)		

## At 31 March 2020

At 1 April 2019	210,977	155,984	147,633	514,594
Total comprehensive (loss)/ income for the year	-	(716)	12,866	12,150
At 31 March 2020	210,977	155,268	160,499	526,744

## 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

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 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		53,583	74,860	12,869	625
Adjustments for:					
Depreciation of property, plant and equipment	3, 26	2,757	2,937	7	130
Loss/(gain) on changes in fair value of investment properties	26	1,256	(46,150)	-	-
Gain on disposal of investment property	22	-	(644)	-	-
(Gain)/loss on fair value adjustments of financial assets at fair value through profit or loss	22, 26	(733)	(86)	(217)	85
Gain on disposal of property, plant and equipment	26	(129)	-	-	-
Gain on termination of right-of-use	26	(2)	-	-	-
Gain on acquisition of a subsidiary	7	(3,040)	-	-	-
Impairment on:					
- intangible asset	6, 26	294	58	-	-
- investment in subsidiaries	7, 26	-	-	3,698	3,169
- trade and other receivables	26	19	390	-	-
Reversal of impairment loss on investment in subsidiaries	7, 22	-	-	(12,300)	(7)
Reversal of provision for property development obligations		(4,461)	-	-	-
Unwinding of discount	22	(25,142)	(5,970)	-	(5,488)
Write off of property, plant & equipment	26	2	-	-	-
Write back impairment for expected credit losses	22	(13)	(110)	-	-
Interest expense	25	26,748	24,078	3,720	2,778
Interest income	20, 22	(2,548)	(1,610)	(520)	(450)
Dividend income	20	-	-	(8,200)	(1,750)
Operating profit/(loss) before working capital changes		48,591	47,753	(943)	(908)

**Statements of Cash Flows**  
**For the Year Ended 31 March 2020**

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cash flows from operating activities (cont'd)</b>					
Changes in working capital:					
(Increase)/decrease in property development costs		(27,969)	8,617	-	-
Decrease/(increase) in trade and other receivables		65,856	(35,604)	(315)	19,239
Decrease in inventories		18,226	4,474	-	-
(Decrease)/increase in trade and other payables		(29,307)	(11,126)	(1,162)	442
Changes in subsidiaries balances		-	-	(21,318)	(39,557)
Cash generated from/(used in) operations		75,397	14,114	(23,738)	(20,784)
Interest received		523	455	523	455
Dividend received		-	-	8,200	1,750
Taxes refund/(paid)		4,039	(7,329)	(70)	(8)
Net cash generated from/ (used in) operating activities		79,959	7,240	(15,085)	(18,587)
<b>Cash flows from investing activities</b>					
Interest received		1,998	1,158	-	-
Net placement of short term deposit		(44)	(39)	-	-
Net withdrawal of short term investments		9,168	23,448	16,894	23,448
(Increase)/decrease in pledged cash and short term deposits		(10,218)	6,367	(16)	527
Purchase of property, plant and equipment		(2,139)	(1,335)	-	(4)
Additions to investment properties		(50)	(288)	-	-
Increase paid-up share capital of a subsidiary		15	-	(135)	-
Acquisition of a subsidiary	7(c), (b)	(4,000)	(5,450)	(4,000)	(5,450)
Proceeds from disposal of investment property		44	4,932	-	-
Proceeds from disposal of property, plant and equipment		48	-	-	-
Additions to inventories - land held for development		(172,257)	-	-	-
Deferred cash consideration settlement on acquisition of subsidiary	7(b)	(650)	-	-	-
Purchase of loan assets	11(b)	(27,678)	-	-	-
Net cash (used in)/generated from investing activities		(205,763)	28,793	12,743	18,521

**Statements of Cash Flows**  
**For the Year Ended 31 March 2020**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
<b>Cash flows from financing activities</b>					
Repayment of hire purchase payables	16(h)	(246)	(416)	(39)	(115)
Payment of lease liabilities	18	(603)	-	-	-
Drawdown of loans	16(h)	218,750	38,219	-	-
Repayment of term loans	16(h)	(87,050)	(40,465)	-	-
Interest paid	16(h)	(29,113)	(24,125)	(4,841)	(4,867)
Net cash generated from/ (used in) financing activities		101,738	(26,787)	(4,880)	(4,982)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(24,066)	9,246	(7,222)	(5,048)
<b>Cash and cash equivalents at beginning of year</b>		47,535	38,289	7,813	12,861
<b>Cash and cash equivalents at end of year</b>	13	23,469	47,535	591	7,813

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

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

## 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 12 August 2020.

## 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 Effects of adopting new and amended Malaysian Financial Reporting Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the changes arising from the adoption of the following MFRS, Interpretations and amendments that are mandatory for annual periods beginning on or after 1 April 2019.

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 3	Business Combinations (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)
Amendments to MFRS 9	Financial Instruments - Prepayment Features with Negative Compensation
Amendments to MFRS 112	Income Taxes (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)
Amendments to MFRS 123	Borrowing Costs (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)

**2. Significant accounting policies (cont'd)****2.2 Effects of adopting new and amended Malaysian Financial Reporting Standards (cont'd)**

The adoption of above standards has no significant impact to the financial statements of the Group and the Company except as disclosed below:

**MFRS 16 Leases**

MFRS 16 replaces MFRS 117 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. It sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117 except for short-term leases and leases of low-value assets.

At the commencement date of a lease, a lessee recognises a lease liability to make lease payments and a right-of-use asset representing the right to use the underlying asset during the lease term, included in property, plant and equipment. The right-of-use asset is depreciated throughout the lease period in accordance with the depreciation requirements of MFRS 116 Property, Plant and Equipment whereas lease liability is accreted to reflect interest and is reduced to reflect lease payments made. Lessees are also required to re-measure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee generally recognises the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Leases that were classified as finance leases under MFRS 117, the carrying amount of the right-of-use asset and lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability immediately before the date of initial application.

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

Transition to MFRS 16

The Group adopted MFRS 16 on 1 April 2019, using the modified retrospective method and did not restate comparative information. The Group also elected to apply the standard to contracts that were previously identified as leases applying MFRS 117 and IFRIC 4. Therefore, the Group did not apply the standard to contracts that were not previously identified as containing a lease applying MFRS 117 and IFRIC 4.

The Group elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within twelve months as of the date of initial application, and lease contracts for which the underlying asset is of low-value.

For leases where the Group are lessees, the Group elected not to separate the non-lease components from lease components, and instead accounted for both components as a single lease component.



## **2. Significant accounting policies (cont'd)**

### **2.2 Effects of adopting new and amended Malaysian Financial Reporting Standards (cont'd)**

#### Transition to MFRS 16 (cont'd)

Below is the impact of adopting MFRS 16 to opening balances to the Group:

	As previously reported RM'000	Impact of Adoption MFRS 16 RM'000	After Adoption of MFRS 16 RM'000
<b>Consolidated Statement of Financial Position</b>			
Non-current assets			
Right-of-use assets - property, plant and equipment	-	1,267	1,267
Property, plant and equipment	4,894	(519)	4,375
Other non-current assets	1,382,317	-	1,382,317
	<u>1,387,211</u>	<u>748</u>	<u>1,387,959</u>
Current assets	<u>357,889</u>	<u>-</u>	<u>357,889</u>
<b>Total assets</b>	<u>1,745,100</u>	<u>748</u>	<u>1,745,848</u>
<b>Equity</b>	<u>1,049,813</u>	<u>-</u>	<u>1,049,813</u>
<b>Liabilities</b>			
Non-current liabilities			
Lease liabilities	-	293	293
Other non-current liabilities	500,905	-	500,905
	<u>500,905</u>	<u>293</u>	<u>501,198</u>
Current liabilities			
Lease liabilities	-	455	455
Other current liabilities	194,382	-	194,382
	<u>194,382</u>	<u>455</u>	<u>194,837</u>
<b>Total liabilities</b>	<u>695,287</u>	<u>748</u>	<u>696,035</u>
<b>Total equity and liabilities</b>	<u>1,745,100</u>	<u>748</u>	<u>1,745,848</u>

Upon adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had been previously recognised as "operating leases" under the previous principles of MFRS 117.

## 2. Significant accounting policies (cont'd)

### 2.2 Effects of adopting new and amended Malaysian Financial Reporting Standards (cont'd)

#### Transition to MFRS 16 (cont'd)

Reconciliation for the differences between operating lease commitments disclosed as at 31 March 2019 and lease liabilities as at the date of initial application of 1 April 2019 are as follows:

	RM'000
Operating lease commitments disclosed as at 31 March 2019	1,022
Add: Payments in optional extension periods not recognised	210
Add: Optional termination by the lessee recognised	(441)
	791
Effects from discounting at the incremental borrowing rate between 6.44% to 6.69% per annum	(43)
Lease liabilities recognised as at 1 April 2019	748

### 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 2020:

Amendments to MFRS 3	Business combinations
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
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 132	Intangible Assets - Web Site Costs
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform

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

MFRS 17	Insurance Contracts
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#### 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
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## **2. Significant accounting policies (cont'd)**

### **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;
- (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.

**2. Significant accounting policies (cont'd)****2.4 Summary of significant accounting policies (cont'd)****(a) Basis of consolidation (cont'd)****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.

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.

## **2. Significant accounting policies (cont'd)**

### **2.4 Summary of significant accounting policies (cont'd)**

#### **(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.

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.



## **2. Significant accounting policies (cont'd)**

### **2.4 Summary of significant accounting policies (cont'd)**

#### **(d) Intangible asset (cont'd)**

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.

Development rights is initially recognised at cost and subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. Development rights is amortised progressively over the development period using the percentage of completion method.

#### **(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.

## **2. Significant accounting policies (cont'd)**

### **2.4 Summary of significant accounting policies (cont'd)**

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

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.

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.

**2. Significant accounting policies (cont'd)****2.4 Summary of significant accounting policies (cont'd)****(f) Property, plant and equipment, and depreciation (cont'd)**

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.

**(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.

## **2. Significant accounting policies (cont'd)**

### **2.4 Summary of significant accounting policies (cont'd)**

#### **(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.

#### **(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.

## **2. Significant accounting policies (cont'd)**

### **2.4 Summary of significant accounting policies (cont'd)**

#### **(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.

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.

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
- (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:

- (a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- (b) 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. Loan assets are carried at amortised cost.

###### **Financial assets at fair value through profit or loss**

Assets that do not meet the criteria for amortised costs or fair value through other comprehensive income ("FVOCI") are measured at fair value through profit or loss ("FVTPL"). Fair value changes is recognised in profit or loss and presented net within 'net gains and losses on financial instruments' in the period which it arises.

##### **(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.

**2. Significant accounting policies (cont'd)****2.4 Summary of significant accounting policies (cont'd)****(j) Financial assets (cont'd)****(iii) Derecognition (cont'd)**

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.

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.

## **2. Significant accounting policies (cont'd)**

### **2.4 Summary of significant accounting policies (cont'd)**

#### **(I) 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.

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.

**2. Significant accounting policies (cont'd)****2.4 Summary of significant accounting policies (cont'd)****(l) Inventories (cont'd)****(ii) Property development costs (cont'd)**

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.

**(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.

## **2. Significant accounting policies (cont'd)**

### **2.4 Summary of significant accounting policies (cont'd)**

#### **(n) Financial liabilities (cont'd)**

##### **(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.

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.



**2. Significant accounting policies (cont'd)****2.4 Summary of significant accounting policies (cont'd)****(n) Financial liabilities (cont'd)****(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.

**(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**Accounting policies applied from 1 April 2019

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss over the lease term. Short-term leases are leases with a lease term of twelve months or less. Low-value assets are those assets valued at less than RM20,000 each when purchased new.

## **2. Significant accounting policies (cont'd)**

### **2.4 Summary of significant accounting policies (cont'd)**

#### **(p) Leases (cont'd)**

##### **(i) As a lessee (cont'd)**

###### Accounting policies applied until 31 March 2019

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).

#### **(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.

## 2. Significant accounting policies (cont'd)

### 2.4 Summary of significant accounting policies (cont'd)

#### (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.

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.

## **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)**

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.

##### **(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.

**2. Significant accounting policies (cont'd)****2.4 Summary of significant accounting policies (cont'd)****(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.

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.



## **2. Significant accounting policies (cont'd)**

### **2.4 Summary of significant accounting policies (cont'd)**

#### **(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.

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.

**2. Significant accounting policies (cont'd)****2.4 Summary of significant accounting policies (cont'd)****(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.

**(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.

## **2. Significant accounting policies (cont'd)**

### **2.4 Summary of significant accounting policies (cont'd)**

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

##### **(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.

##### **(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 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

**2. Significant accounting policies (cont'd)****2.4 Summary of significant accounting policies (cont'd)****(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.

**2.5 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.

## **2. Significant accounting policies (cont'd)**

### **2.5 Significant accounting judgements and estimates (cont'd)**

#### **(a) Judgements made in applying accounting policies (cont'd)**

##### **(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 2020.



**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	At cost				Total RM'000
	Long term leasehold buildings RM'000	Long term leasehold land RM'000	Motor vehicles, office furniture, equipment, plant, tools, machinery and renovation RM'000	Right-of-use assets RM'000	
<b>At 31 March 2020</b>					
<b>At cost</b>					
At 1 April 2019	763	170	19,334	-	20,267
Effect of adoption of MFRS 16					
- Adjustment on initial application of MFRS 16	-	-	-	748	748
- Transfer of right-of-use assets	(763)	(170)	-	933	-
	(763)	(170)	-	1,681	748
As restated	-	-	19,334	1,681	21,015
Additions	-	-	2,139	1,371	3,510
Transfer from inventories (Note 4 (c))	-	-	-	1,224	1,224
Disposals/termination	-	-	(566)	(139)	(705)
Write off	-	-	(8)	-	(8)
At 31 March 2020	-	-	20,899	4,137	25,036
<b>Accumulated depreciation</b>					
At 1 April 2019	326	88	14,959	-	15,373
Transfer of right-of-use assets	(326)	(88)	-	414	-
Depreciation charge for the year (Note 26)	-	-	2,150	607	2,757
Disposals/termination	-	-	(558)	(60)	(618)
Write off	-	-	(6)	-	(6)
At 31 March 2020	-	-	16,545	961	17,506
<b>Net carrying amount</b>					
At 31 March 2020	-	-	4,354	3,176	7,530

## Notes to the Financial Statements

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

Group	At cost					Total RM'000
	Long term leasehold buildings RM'000	Long term leasehold land RM'000	Motor vehicles, office furniture, equipment, plant, tools, machinery and renovation RM'000	Right-of-use assets RM'000		
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 26)	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	

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

Company	Motor vehicles RM'000	Office furniture and equipment RM'000	Total RM'000
<b>At 31 March 2020</b>			
<b>At cost</b>			
At 1 April 2019/31 March 2020	1,086	161	1,247
<b>Accumulated depreciation</b>			
At 1 April 2019	1,086	149	1,235
Depreciation charge for the year (Note 26)	-	7	7
At 31 March 2020	1,086	156	1,242
<b>Net carrying amount</b>			
At 31 March 2020	-	5	5
<b>At 31 March 2019</b>			
<b>At cost</b>			
At 1 April 2018	1,086	157	1,243
Additions	-	4	4
At 31 March 2019	1,086	161	1,247
<b>Accumulated depreciation</b>			
At 1 April 2018	964	141	1,105
Depreciation charge for the year (Note 26)	122	8	130
At 31 March 2019	1,086	149	1,235
<b>Net carrying amount</b>			
At 31 March 2019	-	12	12

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

During the financial year, a subsidiary's inventory of RM1,224,000 was reclassified to property, plant and equipment because there was a change in the use of the property (Note 4 (c)).

**Notes to the Financial Statements**  
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**3. Property, plant and equipment (cont'd)**

**(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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Motor vehicles	4,033	4,259	1,086	1,086
Office furniture and equipment	4,771	3,180	147	125
Renovation	4,779	3,160	-	-
	13,583	10,599	1,233	1,211

**(c) Assets held under hire purchase arrangements**

During the financial year, the Group acquired the property, plant and equipment of RM2,139,000 (2019: RM1,335,000) for cash.

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Motor vehicles	119	243	-	-

**(d) Right-of-use assets**

Set out below are the net book value of right-of-use assets of the Group and the movement recognised during the financial period:

	Long term leasehold buildings RM'000	Long term leasehold land RM'000	Building RM'000	Total RM'000
Effect adoption of MFRS 16	437	82	748	1,267
Additions	-	-	1,371	1,371
Termination	-	-	(79)	(79)
Transfer from inventory (Note 4(c))	1,224	-	-	1,224
Depreciation	(566)	(1)	(40)	(607)
	1,095	81	2,000	3,176



#### **4. Inventories**

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current</b>		
Land held for property development (Note 4(a))	376,583	54,326
<b>Current</b>		
At cost		
- Property development costs (Note 4(b))	133,039	130,181
- Completed properties and others (Note 4(c))	6,383	25,833
	<u>139,422</u>	<u>156,014</u>

##### **(a) Land held for property development**

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Long term leasehold land</b>		
<b>Cost and carrying amount</b>		
At beginning of year	54,326	55,019
Addition during the year	313,945	-
Incidental cost to the land	8,312	6
Written off during the year	-	(699)
At end of year	<u>376,583</u>	<u>54,326</u>

During the financial year, long term leasehold land of the Group with a carrying value of RM54,326,000 (2019: RM54,326,000) has been charged to a financial institution as securities for revolving credit granted to the Company as disclosed in Note 16(d).

Included in land held for property development addition during the financial year are interest costs capitalised under qualifying assets amounting to RM1,775,000 (2019: Nil) (Note 25).

**Notes to the Financial Statements**  
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**4. Inventories (cont'd)**

**(b) Property development costs**

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cumulative property development costs</b>		
At 1 April 2019/2018:		
Long term leasehold land	75,783	51,595
Development costs	140,292	65,577
	<u>216,075</u>	<u>117,172</u>
Costs incurred during the year:		
Long term leasehold land	22,041	24,188
Development costs	63,764	74,715
	<u>85,805</u>	<u>98,903</u>
Transfers:		
To intangible asset (Note 6)	(28,287)	-
	<u>(28,287)</u>	<u>-</u>
At 31 March 2020/2019	<u>273,593</u>	<u>216,075</u>
<b>Cumulative costs recognised in profit or loss</b>		
At 1 April 2019/2018:	(85,894)	(43,552)
Recognised during the year (Note 21)	(54,660)	(42,342)
At 31 March 2020/2019	<u>(140,554)</u>	<u>(85,894)</u>
<b>Property development costs at 31 March 2020/2019</b>	<u>133,039</u>	<u>130,181</u>

Included in property development costs incurred during the financial year are interest costs capitalised under qualifying assets amounting to RM791,000 (2019: RM1,009,000) (Note 25).

Included in property development costs of the Group are leasehold land and development costs amounting to RM67,724,000 (2019: RM65,758,000) which have been charged to financial institutions as securities for the Islamic financing and overdraft facilities as disclosed in Note 16(b) and (c).

**4. Inventories (cont'd)**

**(c) Completed properties and others**

	Group	
	2020 RM'000	2019 RM'000

**At cost**

Completed properties	5,674	24,971
Consumables and general supplies	709	862
	<u>6,383</u>	<u>25,833</u>

	Group	
	Completed properties RM'000	Consumables and general supplies RM'000

**At 31 March 2020**

As at 1 April 2019	24,971	862
Addition	157	-
Transfer to property, plant and equipment (Note 3)	(1,224)	-
Movements in consumables	-	(153)
Recognised as cost of sales (Note 21)	(18,230)	-
As at 31 March 2020	<u>5,674</u>	<u>709</u>

**At 31 March 2019**

As at 1 April 2018, as previously reported	29,282	1,098
Effects of adoption of MFRS Framework	(73)	-
As restated	<u>29,209</u>	<u>1,098</u>
Movements in consumables	-	(236)
Recognised as cost of sales (Note 21)	(4,238)	-
As at 31 March 2019	<u>24,971</u>	<u>862</u>

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

**Notes to the Financial Statements**  
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**5. Investment properties**

	Freehold land RM'000	Leasehold land RM'000	Leasehold land and building RM'000	Total RM'000
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**Group**

**At fair value**

**At 31 March 2020**

At 1 April 2019	87,000	71,900	1,160,714	1,319,614
Additions from subsequent expenditure	-	-	50	50
Disposals	-	-	(44)	(44)
Gain/(loss) from fair value adjustments recognised in profit or loss (Note 22) (Note 26)	-	2,500	(3,756)	(1,256)
At 31 March 2020	87,000	74,400	1,156,964	1,318,364

**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 22)	-	3,289	42,861	46,150
At 31 March 2019	87,000	71,900	1,160,714	1,319,614

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 and investment methods 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
<b>As at 1 April 2018</b>	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 22)	3,299	42,851
<b>As at 31 March 2019/1 April 2019</b>	160,500	1,159,114
Additions from subsequent expenditure	-	50
Proceeds from disposal	-	(44)
Remeasurement recognised in profit or loss (Note 22) (Note 26)	2,500	(3,756)
<b>As at 31 March 2020</b>	163,000	1,155,364

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

	2020 RM'000	2019 RM'000
Rental income (Note 20):		
- Land and office properties	1,211	1,243
- Land and retail properties	64,106	63,942
Property management operation costs (Note 21)	(22,294)	(21,181)
Others (Note 21)	(98)	(116)
Car park operations		
- Revenue	8,998	9,547
- Cost of sales	(3,114)	(3,164)
Profit arising from investment properties	48,809	50,271

Included in investment properties is certain long term leasehold land of the Group amounting to approximately RM48,000,000 (2019: RM47,600,000) which has been leased to a third party under an operating lease agreement, as disclosed in Note 30.

Certain freehold and long term leasehold land and buildings of the Group with carrying value of RM1,081,100,000 (2019: RM1,088,500,000) 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).

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.

**Notes to the Financial Statements**  
**31 March 2020**

## 5. Investment properties (cont'd)

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		Sensitivity of the input to fair value
			2020	2019	
Land and retail properties	Investment method	Estimated rental value per square feet per month	RM0.38 to RM22.50	RM0.38 to RM22.50	0.5% increase/ (decrease) in the growth rate would result in an increase/ (decrease) in fair value by RM5,542,000
		Long term vacancy rate	2.50% to 10.00%	3.50% to 10.00%	
		Term yield rate	4.30% to 6.25%	4.30% to 6.50%	
		Reversionary yield rate	4.70% to 7.00%	4.70% 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 2020. 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 RM1,049,000.

## 6. Intangible asset

Group	Goodwill RM'000	Property Development Rights RM'000	Total RM'000
<b>Cost</b>			
At 1 April 2019	10,666	-	10,666
Reclassify from property development costs (Note 4(b))	-	28,287	28,287
Adjustment from purchase price allocation of a subsidiary (Note 7 (b))	-	8,932	8,932
At 31 March 2020	10,666	37,219	47,885
<b>Accumulated impairment</b>			
At 1 April 2019	(10,221)	-	(10,221)
Impairment loss recognised in profit or loss (Note 26)	(294)	-	(294)
At 31 March 2020	(10,515)	-	(10,515)
<b>Net carrying amount</b>			
At 31 March 2020	151	37,219	37,370
<b>Cost</b>			
At 1 April 2018	10,666	-	10,666
<b>Accumulated impairment</b>			
At 1 April 2018	(10,163)	-	(10,163)
Impairment loss recognised in profit or loss (Note 26)	(58)	-	(58)
At 31 March 2019	(10,221)	-	(10,221)
<b>Net carrying amount</b>			
At 31 March 2019	445	-	445

Goodwill and Property Development Rights arising from business combinations has been allocated to the Group's CGU identified from the property development segment.

**Notes to the Financial Statements**  
**31 March 2020**

**7. Investments in subsidiaries**

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	613,231	587,700
Increase investment in a subsidiary	135	-
Acquisition of a subsidiary	4,000	25,531
	617,366	613,231
Accumulated impairment losses	(154,416)	(163,018)
	462,950	450,213

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		Principal activities
		2020 %	2019 %	

**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 and 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.	184,568	100	100	Property investment and development and renting out retail properties

## 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		Principal activities
		2020 %	2019 %	

### Held by the Company (cont'd)

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
Multizone Parking Sdn. Bhd. (Formerly known as Asian Pac Parksafes Sdn. Bhd.)	5,007	100	100	Car park operation
Harmoni Bumiria Sdn. Bhd.	250	90	90	Property investment and development
Everest Pioneer Sdn. Bhd. (Note 7(c))	5,000	90	-	Property 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 PLT, Malaysia.

**7. Investments in subsidiaries (cont'd)****(a) Impairment losses on investments in subsidiaries**

During the financial year, the Company recognised a reversal of impairment losses of RM12,300,000 (2019: RM7,000) (Note 22) and additional impairment losses of RM3,698,000 (2019: RM3,169,000) (Note 26) 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.
- 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, Harmoni Bumiria Sdn. Bhd. in prior year**

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. ("Harmoni") 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 previous financial year.

The purchase price allocation was completed during the year. The finalised fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiary were as follows:

	RM'000
Property development cost	23,260
Property development rights (Note 6)	37,219
Deferred tax liabilities (Note 10)	(8,932)
Other payables	(23,179)
	<u>28,368</u>
Less : Non controlling interest's share in net assets	(2,837)
Cost of acquisition	<u>25,531</u>

**7. Investments in subsidiaries (cont'd)**

**(b) Acquisition of a new subsidiary, Harmoni Bumiria Sdn. Bhd. in prior year (cont'd)**

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	(1,400)
Cash consideration settled in cash as at 31 March 2019	<u>5,450</u>

Part of the deferred cash consideration amounting to RM650,000 was settled during the year ended 31 March 2020.

Further, on 31 March 2020 Harmoni increased its paid up share capital from RM100,000 to RM250,000.

**(c) Acquisition of a new subsidiary, Everest Pioneer Sdn. Bhd.**

On 1 August 2019, the Company acquired Everest Pioneer Sdn. Bhd. ("EPSB") via a subscription of 9,000,000 ordinary shares at RM0.44 each representing 90% equity interest in EPSB for a cash consideration of RM4,000,000 (Note 32 (d)).

The purchase price allocation was completed during the 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	19,000
Other payables	(10,639)
Deferred tax liability	(539)
	<u>7,822</u>
Less: Non controlling interest's share in net assets	(782)
	<u>7,040</u>
Less: Cost of acquisition	(4,000)
Gain on acquisition	<u>3,040</u>

The effect of the cost of acquisition on cash flows is as follows:

	RM'000
Total cost of acquisition, representing cash consideration settled in cash as at 31 March 2020	<u>4,000</u>

The purchase price allocation for this acquisition is preliminary as the Company is currently finalising its identification and measurement of all intangible assets. The Company has up to 12 months to complete such allocation.

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**7. Investments in subsidiaries (cont'd)**

**(d) Summarised financial information on subsidiaries with non-controlling interests**

Summarised financial information of Everest Pioneer Sdn. Bhd. and 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.

	Everest Pioneer Sdn. Bhd. RM'000	Harmoni Bumiria Sdn. Bhd. RM'000	Total RM'000
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**At 31 March 2020**

NCI percentage of ownership interest and voting interest	10.00%	10.00%	
Carrying amount of NCI	780	2,769	3,549
Loss attributable to NCI	2	81	83

**At 31 March 2019**

NCI percentage of ownership interest and voting interest	0.00%	10.00%	
Carrying amount of NCI	-	2,835	2,835
Loss attributable to NCI	-	2	2

	Everest Pioneer Sdn. Bhd. RM'000	Harmoni Bumiria Sdn. Bhd. RM'000	Total RM'000
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**(i) Summarised statement of financial position**

**At 31 March 2020**

Non current assets	-	37,972	37,972
Current assets	19,900	36,280	56,180
Current liabilities	(11,558)	(13,875)	(25,433)
Non-current liabilities	-	(32,681)	(32,681)
Net assets	8,342	27,696	36,038
Equity attributable to owners of the parent	7,562	24,927	32,489
Non-controlling interests	780	2,769	3,549
	8,342	27,696	36,038



**7. Investments in subsidiaries (cont'd)**

**(d) Summarised financial information on subsidiaries with non-controlling interests (cont'd)**

Summarised financial information of Everest Pioneer Sdn. Bhd. and 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. (cont'd)

	Everest Pioneer Sdn. Bhd. RM'000	Harmoni Bumiria Sdn. Bhd. RM'000	Total RM'000
<b>(i) Summarised statement of financial position (cont'd.)</b>			
<b>At 31 March 2019</b>			
Current assets representing total assets	-	52,648	52,648
Current liabilities	-	(1,118)	(1,118)
Non-current liabilities	-	(23,179)	(23,179)
Net assets	-	28,351	28,351
Equity attributable to owners of the parent	-	25,516	25,516
Non-controlling interests	-	2,835	2,835
	-	28,351	28,351
<b>(ii) Summarised statement of profit or loss</b>			
<b>At 31 March 2020</b>			
Loss for the year	20	807	827
Loss attributable to owners of the parent	18	726	744
Loss attributable to non-controlling interest	2	81	83
<b>At 31 March 2019</b>			
Loss for the year	-	16	16
Loss attributable to owners of the parent	-	14	14
Loss attributable to non-controlling interest	-	2	2

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**7. Investments in subsidiaries (cont'd)**

**(d) Summarised financial information on subsidiaries with non-controlling interests (cont'd)**

Summarised financial information of Everest Pioneer Sdn. Bhd. and 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. (cont'd)

	Everest Pioneer Sdn. Bhd. RM'000	Harmoni Bumiria Sdn. Bhd. RM'000	Total RM'000
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**(iii) Summarised statement of cash flows**

**At 31 March 2020**

Net cash generated from operating activities, representing net increase in cash and cash equivalents	166	240	406
Cash and cash equivalents on date of acquisition/at 1 April 2019	-	6	6
Cash and cash equivalents at 31 March 2020	166	246	412

**At 31 March 2019**

Net cash generated from operating activities, representing net increase in cash and cash equivalents	-	6	6
Cash and cash equivalents on date of acquisition	-	-	-
Cash and cash equivalents at 31 March 2019	-	6	6

**8. Investment in an associate**

	Group and Company	
	2020 RM'000	2019 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 (2019: RM451,000). The Group has no obligation in respect of these losses.

**8. Investment in an associate (cont'd)**

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		Principal activities
		2020 %	2019 %	
PT AP International	750	50	50	Property development and property management

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	
	2020 RM'000	2019 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	-	-
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**(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**

-	-
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**Notes to the Financial Statements**  
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**9. Non-current financial asset**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000

**Non-current**

Quoted shares in Malaysia	1,942	4,128	638	1,354
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Unrealised loss on fair valuation on non-current quoted financial asset investments amounting to RM2,186,000 (2019: RM607,000) and RM716,000 (2019: RM199,000) of the Group and of the Company were taken to other comprehensive income.

**10. Deferred tax**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000

At 1 April 2019/2018	(228,230)	(205,507)	7	1
Effect of adoption of MFRS framework	-	(2,063)	-	-
As restated	(228,230)	(207,570)	7	1
Acquisition of a subsidiary	(539)	-	-	-
Adjustment from purchase price allocation of a subsidiary (Note 7(b))	(8,932)	-	-	-
Recognised in profit or loss (Note 27)	(3,959)	(20,660)	(3)	6
At 31 March 2020/2019	(241,660)	(228,230)	4	7

Presented after appropriate offsetting as follows:

- Deferred tax assets	160	7	4	7
- Deferred tax liabilities	(241,820)	(228,237)	-	-
	(241,660)	(228,230)	4	7

## 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:

Group	Provisions and unused tax losses RM'000
<b>Deferred tax assets:</b>	
At 1 April 2019	599
Recognised in profit or loss	3,444
At 31 March 2020	4,043
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

Group	Revaluation of investment properties, fair value of assets acquired, and capital allowances RM'000
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### Deferred tax liabilities:

At 1 April 2019	(228,829)
Recognised in profit or loss	(7,403)
Acquisition of a subsidiary (Note 7(c))	(539)
Adjustment from purchase price allocation from acquisition of a subsidiary (Note 7 (b))	(8,932)
At 31 March 2020	(245,703)
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)

**Notes to the Financial Statements**  
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**10. Deferred tax (cont'd)**

Company	Provisions	
	2020 RM'000	2019 RM'000

**Deferred tax assets:**

As at 1 April 2019/2018	8	6
Recognised in profit or loss	(4)	2
As at 31 March 2020/2019	4	8

	Capital allowance	
	2020 RM'000	2019 RM'000

**Deferred tax liabilities:**

As at 1 April 2019/2018	(1)	(5)
Recognised in profit or loss	1	4
As at 31 March 2020/2019	-	(1)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unused tax losses	12,708	11,629	8,795	8,451
Unabsorbed capital allowances	551	110	99	97
	13,259	11,739	8,894	8,548
Deferred tax at Malaysian statutory tax rate, if recognised	3,182	2,817	2,135	2,052

Pursuant to new law gazetted, the ability to carry forward unutilised tax losses and unutilised reinvestment allowance is restricted to a maximum period of seven consecutive Year of Assessment ("YA"), effective YA 2019.

The unused tax losses and unabsorbed capital allowances differences of the Group are available for offsetting against future taxable profits of the respective companies within the Group, subject to no substantial change in the shareholdings of those companies under the Income Tax Act, 1967 and guidelines issued by the tax 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Current</b>				
(a) Trade receivables	3,800	8,588	1,063	753
Less: Allowance for expected credit losses	(5)	(122)	-	-
	3,795	8,466	1,063	753
(b) Other receivables:				
Due from previous stockbroking clients	4,763	4,775	-	-
Sundry receivables	8,090	10,525	402	402
Stakeholder sum	-	15,234	-	-
Earnest deposit	8,000	44,000	-	-
Other deposits	5,769	6,451	35	35
GST input recoverable	186	437	-	-
Due from associate	1,004	1,004	1,004	1,004
Due from subsidiaries	-	-	111,183	94,765
Loan assets	27,678	-	-	-
	55,490	82,426	112,624	96,206
Less: Allowance for expected credit losses	(6,114)	(6,417)	(1,443)	(1,443)
	49,376	76,009	111,181	94,763
Total trade and other receivables	53,171	84,475	112,244	95,516
Add: Pledged deposits with licensed banks and financial institutions with maturity of more than 3 months and restricted for use (Note 13)	2,591	2,548	-	-
Add: Cash at banks and short term deposits pledged to licensed banks and financial institutions	19,336	9,118	554	538
Add: Cash and cash equivalents (Note 13)	23,469	47,535	591	7,813
Less: GST input recoverable	(186)	(437)	-	-
<b>Total financial assets at amortised costs</b>	<b>98,381</b>	<b>143,239</b>	<b>113,389</b>	<b>103,867</b>

**(a) Trade receivables**

The Group's and the Company's normal trade credit terms range from 7 to 60 days (2019: 7 to 60 days) and 60 days (2019: 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.

**11. Trade and other receivables (cont'd)****(a) Trade receivables (cont'd)**

The Group has no significant concentration of credit risk that may arise from exposure 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Neither past due nor impaired	878	4,619	310	500
1 to 30 days past due not impaired	490	58	231	-
31 to 60 days past due not impaired	1,226	876	-	209
61 to 90 days past due not impaired	611	2,377	522	44
More than 91 days past due not impaired	590	536	-	-
	2,917	3,847	753	253
Impaired trade receivables	5	122	-	-
Total trade receivables	3,800	8,588	1,063	753

The total trade receivables are unsecured in nature.

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:

- (a) Amount due from tenants that are secured by cash deposits or bank guarantees.
- (b) 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 security deposits and the legal title to the properties sold remain with the Group until the purchase consideration is fully settled.

## **11. Trade and other receivables (cont'd)**

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

#### **Ageing analysis of trade receivables (cont'd)**

##### *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:

	<b>Group</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Trade receivables - nominal amount	498	987
Less : Accumulated allowance for expected credit losses	(5)	(122)
	<u>493</u>	<u>865</u>
At 1 April 2019/2018	(122)	-
Effects of adoption of MFRS framework	-	(84)
As restated	(122)	(84)
Allowance for expected credit losses (Note 26)	(3)	(44)
Write back allowance for expected credit losses (Note 22)	6	6
Written off	114	-
At 31 March 2020/2019	<u>(5)</u>	<u>(122)</u>

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 RM4,749,000 (2019: RM4,756,000) for impairment on the amount due from previous stockbroking clients and RM1,365,000 (2019: RM1,661,000) for impairment on sundry receivables and amount due from associate. The Company has provided an allowance of RM1,004,000 (2019: RM1,004,000) for impairment on amount due from associate and RM439,000 (2019: RM439,000) for impairment on the amount due from a subsidiary.

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.

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**11. Trade and other receivables (cont'd)**

**(b) Other receivables (cont'd)**

*Movements in allowance accounts*

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Other receivables:</b>				
At 1 April 2019/2018	(6,417)	(7,608)	(1,443)	(1,443)
Allowance for expected credit losses (Note 26)	(16)	(346)	-	-
Write back allowance for expected credit losses (Note 22)	7	104	-	-
Written off	312	1,433	-	-
At 31 March 2020/2019	(6,114)	(6,417)	(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	
	2020 RM'000	2019 RM'000
Property development	43,972	25,582

**12. Short term investments**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<i>Fair value through profit or loss</i>				
Investments in unit trust fund	13,044	21,479	2,062	18,739

### 13. Cash and bank balances

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash at banks and on hand	19,807	38,969	591	1,509
Short term deposits with:				
Licensed banks	25,035	4,141	-	-
Financial institutions	554	16,091	554	6,842
Total cash and bank balances	45,396	59,201	1,145	8,351
Less: Pledged deposits with licensed banks with maturity of more than 3 months	(2,591)	(2,548)	-	-
Less: Cash at banks and short term deposits pledged to licensed banks and financial institutions	(19,336)	(9,118)	(554)	(538)
Cash and cash equivalents	23,469	47,535	591	7,813

Included in cash at banks of the Group are amounts of RM7,702,000 (2019: RM15,510,000) 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 RM1,872,000 (2019: RM14,130,000) pledged to financial institutions for credit facilities granted to a number of subsidiaries as disclosed in Note 16(b), (c) and (d).

Short term deposits with licensed banks and financial institutions of the Group and of the Company amounting to RM25,589,000 (2019: RM11,927,000) and RM554,000 (2019: RM538,000) respectively are pledged to licensed banks and financial institutions for credit facilities granted to the Company and subsidiary companies as disclosed in Note 16(b), (c) 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		Company	
	2020 %	2019 %	2020 %	2019 %
Licensed banks	2.95	2.88	-	-
Financial institutions	2.55	3.25	2.55	3.23

The average maturities of short term deposits as at the end of the financial year are as follows:

	Group		Company	
	2020 Days	2019 Days	2020 Days	2019 Days
Licensed banks	64	215	-	-
Financial institutions	31	18	31	11

**14. Share capital**

Group and Company:	Note	Number of ordinary shares		Amount	
		2020 '000	2019 '000	2020 RM'000	2019 RM'000
Issued and fully paid:					
At 1 April 2019/2018		1,037,127	1,031,960	210,977	209,943
Conversion of ICULS	(a)	-	5,167	-	1,034
At 31 March 2020/2019		1,037,127	1,037,127	210,977	210,977

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 allotted 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.

In prior 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 the 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.
- (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.



#### 14. Share capital (cont'd)

##### (a) Irredeemable Convertible Unsecured Loan Stocks ("ICULS") (cont'd)

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 2019	76,847	978	9,804	87,629
Interest expense on ICULS (Note 25)	-	-	487	487
Coupon payment	-	-	(2,710)	(2,710)
At 31 March 2020	76,847	978	7,581	85,406
At 1 April 2018	77,726	978	11,427	90,131
Interest expense on ICULS (Note 25)	-	-	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

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.

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**14. Share capital (cont'd)**

**(a) Irredeemable Convertible Unsecured Loan Stocks ("ICULS") (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
<b>As at 12 August 2020</b>				
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 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**

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Merger reserve	(a)	-	-	78,000	78,000
Fair value adjustment reserve	(b)	(1,700)	486	(557)	159
Revaluation reserve	(c)	916	916	-	-
Equity component of ICULS	14(a)	76,847	76,847	76,847	76,847
Warrants reserve	14(a),(d)	978	978	978	978
		77,041	79,227	155,268	155,984

**15. Other reserves (cont'd)**

Movements in reserves are shown in the respective statements of changes in equity.

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**

In previous 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 rights 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 rights issue of ICULS.

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**16. Loans and borrowings**

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Current</b>					
Secured:					
Floating rate term loan	(a)	443	772	-	-
Islamic financing	(b)	26,038	26,366	-	-
Overdraft	(c)	8,397	20,093	-	-
Revolving credit	(d)	28,327	75,000	25,000	25,000
Obligation under finance leases	(e)	110	246	-	39
		63,315	122,477	25,000	25,039
<b>Non-current</b>					
Secured:					
Floating rate term loans	(a)	5,772	6,340	-	-
Islamic financing	(b)	335,281	198,335	-	-
Obligation under finance leases	(e)	83	193	-	-
ICULS	(f)	7,581	9,804	7,581	9,804
Preference shares	(g)	49,152	-	-	-
		397,869	214,672	7,581	9,804
<b>Total loans and borrowings</b>		461,184	337,149	32,581	34,843

The remaining maturities of the loans and borrowings are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
On demand and within 1 year	63,315	122,477	25,000	25,039
More than 1 year and less than 2 years	67,140	28,177	-	-
More than 2 years and less than 5 years	174,382	82,941	7,581	9,804
More than 5 years	156,347	103,554	-	-
	461,184	337,149	32,581	34,843

**16. Loans and borrowings (cont'd)**

**(a) Floating rate term loan**

The floating rate term loan is obtained for the financing the acquisition of investment properties by wholly-owned subsidiary, AGB Properties Sdn. Bhd. The term loan bears an average interest rate of 5.33% (2019: 5.95% to 7.03%) per annum. The loan is secured by charge over the Group's leasehold properties as disclosed in Note 5 and corporate guarantee provided by the Company amounting to RM6,215,000 (2019: RM7,112,000).

**(b) Islamic financing**

Islamic financing was obtained for refinancing of the investment properties of wholly-owned subsidiary, Syarikat Kapasi Sdn. Bhd., for financing the acquisition of investment and development properties by wholly-owned subsidiary, BH Builders Sdn. Bhd., working capital of a wholly-owned subsidiary, BH Realty Sdn. Bhd. and for development project of Taman Bestari Sdn. Bhd. It bears an average interest rate of 5.78% to 7.03% (2019: 4.64% to 7.21%) 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 30 and corporate guarantee provided by the Company amounting to RM361,319,000 (2019: RM232,131,000).

**(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 7.29% to 7.79% (2019: 7.46% to 7.85%) per annum. It is secured by the subsidiaries' leasehold property as well as development cost 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 and corporate guarantee provided by the Company amounting to RM8,397,000 (2019: RM20,093,000).

**(d) Revolving credit**

Revolving credits are obtained for the working capital of the Company and the Company's wholly-owned subsidiary, Syarikat Kapasi Sdn. Bhd.. These revolving credits bear an average interest rate of 6.54% to 8.39% (2019: 6.1% to 8.54%) per annum. They are secured by charges over the Group's leasehold land as disclosed in Note 4(a), certain completed properties as disclosed in Note 4(c), investment properties as disclosed in Note 5, certain short term deposits and cash balances as disclosed in Note 13 and corporate guarantee provided by the Company amounting to RM28,327,000 (2019: RM50,000,000).

**16. Loans and borrowings (cont'd)****(e) Obligation under finance leases**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Future minimum lease payments:</b>				
Within and up to 1 year	116	260	-	39
After 1 and up to 2 years	64	116	-	-
After 2 and up to 5 years	21	85	-	-
	201	461	-	39
Less: Future finance charges	(8)	(22)	-	-
Present value of future minimum lease payments	193	439	-	39
<b>Present value of finance lease liabilities:</b>				
Within and up to 1 year	110	246	-	39
After 1 and up to 2 years	62	110	-	-
After 2 and up to 5 years	21	83	-	-
Present value of finance lease liabilities	193	439	-	39
<b>Analysed as:</b>				
Due within 12 months	110	246	-	39
Due after 12 months	83	193	-	-
	193	439	-	39

The hire purchase payables bear interest between 2.30% to 2.58% (2019 : 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).

**(g) Preference shares**

The amount represents the liability portion of AGB Properties Sdn. Bhd.'s Preference Shares net of transaction cost as disclosed in Note 32(c).



## 16. Loans and borrowings (cont'd)

## (h) Changes in liabilities and ICULS arising from financing activities

	Movements				
	1 April 2019 RM'000	Cash flows		Non-cash changes	
		Principal movement RM'000	Interest paid RM'000	Interest cost RM'000	Others RM'000
31 March 2020 RM'000					
Group					
Non-current interest-bearing loans and borrowings	204,675	170,000	(15,058)	16,205	(34,769)
Non-current obligations under finance lease liabilities	193	-	-	-	(110)
Current interest-bearing loans and borrowings	122,231	(87,050)	(7,770)	6,714	29,080
Current obligations under finance lease liabilities	246	(246)	(13)	13	110
ICULS	9,804	-	(2,710)	487	-
Preference shares	-	48,750	(3,562)	4,254	(290)
	337,149	131,454	(29,113)	27,673	(5,979)

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)

## (h) Changes in liabilities and ICULS arising from financing activities (cont'd)

	1 April 2019	Movements				31 March 2020
		Cash flows		Non-cash changes		
		Principal movement	Interest paid	Interest cost	Others	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Company</b>						
Current interest-bearing loans and borrowings	25,000	-	(2,131)	2,111	20	25,000
Current obligations under finance lease liabilities	39	(39)	-	-	-	-
ICULS	9,804	-	(2,710)	487	-	7,581
	34,843	(39)	(4,841)	2,598	20	32,581

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.

**17. Trade and other payables**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Current</b>				
<b>Trade payables</b>				
Third parties	12,426	25,518	-	456
Trade accruals	13,259	15,528	-	-
	<u>25,685</u>	<u>41,046</u>	<u>-</u>	<u>456</u>
<b>Other payables</b>				
Deposits from property purchasers	-	732	-	-
Deposits from tenants	14,167	6,698	-	-
Interest payables	570	1,656	261	281
Accruals	1,023	2,472	194	247
Purchase consideration payable for the project land acquisition	15,000	-	-	-
Purchase consideration payable for the acquisition of a subsidiary	4,486	1,400	4,486	1,400
Service tax payable	300	296	-	-
Due to subsidiaries	-	-	2,647	7,548
Others	8,599	2,022	-	4
	<u>44,145</u>	<u>15,276</u>	<u>7,588</u>	<u>9,480</u>
	<u>69,830</u>	<u>56,322</u>	<u>7,588</u>	<u>9,936</u>
<b>Non-current</b>				
<b>Trade payables</b>				
Retention sum payable	3,309	4,677	-	-
<b>Other payables</b>				
Deposits from tenants	6,389	12,290	-	-
Purchase consideration payable for the project land acquisition	133,265	23,178	-	-
Purchase consideration payable for the acquisition of a subsidiary	12,283	14,897	12,283	14,897
	<u>151,937</u>	<u>50,365</u>	<u>12,283</u>	<u>14,897</u>
	<u>155,246</u>	<u>55,042</u>	<u>12,283</u>	<u>14,897</u>
Total trade and other payables	225,076	111,364	19,871	24,833
Less: Service tax payable	(300)	(296)	-	-
Add: Loans and borrowings (Note 16)	461,184	337,149	32,581	34,843
Add: Lease liabilities (Note 18)	1,492	-	-	-
Total financial liabilities carried at amortised cost	<u>687,452</u>	<u>448,217</u>	<u>52,452</u>	<u>59,676</u>

**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 (2019: 30 to 60 days).

**18. Lease liabilities**

	Group	
	2020 RM'000	2019 RM'000
At 1 April 2019/2018	-	-
Effect of adoption MFRS 16 (Note 2.2)	748	-
Additions	1,371	-
Accretion of interest	57	-
Payments	(603)	-
Termination of lease	(81)	-
At 31 March 2020/2019	1,492	-
Due within 12 months	697	-
Due after 12 months	795	-
	1,492	-

The lease liabilities bear interest between 6.44% to 6.70% ( 2019 : Nil)

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of twelve months or less) or for leases of low value assets. Payments made under such leases are expensed on straightline basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expenses relating to payments not included in the measurement of the lease liability during the financial period are as follows:

	RM'000
Expenses relating to short-term leases (included on other expenses) (Note 26)	372
Expenses relating to leases of low-value assets (included in other expenses) (Note 26)	59

As at the reporting date, the Group was committed to short-term leases of RM218,000.

## 19. Provisions

	Group	
	Provision for property development obligations	
	2020 RM'000	2019 RM'000
<b>Non-current</b>		
At 1 April 2019/2018	2,954	2,554
(Reduction)/addition	(2,954)	291
Accretion of long term provision	-	109
At 31 March 2020/2019	-	2,954
<b>Current</b>		
At 1 April 2019/2018	14,397	14,351
(Reduction)/addition	(2,144)	46
At 31 March 2020/2019	12,253	14,397
<b>Total provision</b>	12,253	17,351

The provisions relate to provision for property development obligations of RM12,253,000 (2019: RM17,351,000).

## 20. Revenue

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contract with customers	112,336	78,776	5,702	3,807
Revenue from other sources:				
Interest income	520	450	520	450
Rental income (Note 5)	65,317	65,185	-	-
Dividend income from subsidiaries	-	-	8,200	1,750
	178,173	144,411	14,422	6,007

**Notes to the Financial Statements**  
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**20. Revenue (cont'd)**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000

Disaggregation of the revenue from contract with customers:

**Type of goods and services**

Sale of development properties	77,358	61,515	-	-
Sale of building materials	2,268	1,069	2,268	1,069
Sale of inventories of completed properties	22,507	6,271	-	-
Car park operations	10,035	9,871	-	-
Property management income	168	50	-	-
Management fees from subsidiaries	-	-	3,434	2,738
	112,336	78,776	5,702	3,807

**Geographical market**

Malaysia	112,336	78,776	5,702	3,807
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**Timing of revenue recognition**

- at a point in time	34,978	17,261	5,702	3,807
- over time	77,358	61,515	-	-
	112,336	78,776	5,702	3,807

**21. Cost of sales**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000

Property development costs (Note 4(b))	54,660	42,342	-	-
Cost of building materials	2,080	954	2,080	954
Car park operations	4,044	3,353	-	-
Cost of inventories sold (Note 4(c))	18,230	4,238	-	-
Property management operation costs (Note 5)	22,294	21,181	-	-
Others	98	116	-	-
	101,406	72,184	2,080	954



## 22. Other income

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Administration charges	79	123	-	-
Gain on changes in fair value of investment properties (Note 5)	2,500	46,150	-	-
Gain on disposal of property, plant and equipment	133	-	-	-
Gain on acquisition of a subsidiary (Note 7(c))	3,040	-	-	-
Gain on fair value adjustments of financial assets at fair value through profit or loss	733	171	217	-
Net gain on disposal of investment property	-	644	-	-
Other interest income	2,028	1,160	-	-
Overdue interest income	191	101	-	-
Purchasers' deposit forfeited	172	167	-	-
Reversal of impairment loss on investment in subsidiaries (Note 7(a))	-	-	12,300	7
Reversal of provision for property development obligations	4,461	-	-	-
Unwinding of discount	25,142	5,970	-	5,488
Write back allowance for expected credit losses (Note 11(a),(b))	13	110	-	-
Miscellaneous income	1,408	1,148	-	-
	<b>39,900</b>	<b>55,744</b>	<b>12,517</b>	<b>5,495</b>

## 23. Employee benefits expense

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages and salaries	15,757	14,248	2,440	2,399
Contributions to defined contribution plan	2,111	1,954	508	502
Social security contributions	123	108	4	4
Other employee benefits	1,163	958	185	62
	<b>19,154</b>	<b>17,268</b>	<b>3,137</b>	<b>2,967</b>

Included in employee benefits expense of the Group and of the Company are executive Directors' remuneration amounting to RM2,534,000 (2019: RM2,499,000) and RM1,942,000 (2019: RM1,929,000) respectively as further disclosed in Note 24.

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**24. Directors' remuneration**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000

**Executive Directors' remuneration:**

Salaries and other emoluments	2,534	2,499	1,942	1,929
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**Non-executive Directors' remuneration (Note 26):**

Fees and other emoluments	454	295	305	146
Total Directors' remuneration	2,988	2,794	2,247	2,075

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
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**At 31 March 2020**

**Executive**

Dato' Mustapha bin Buang	1,721	-	221	1,942
Dr. Yu Tat Loong*	517	-	75	592
	2,238	-	296	2,534

**Non-executive**

Tan Sri Dato' Seri Hj. Megat Najmuddin bin Datuk Seri Dr Hj. Megat Khas*	5	144	-	149
Dato' Mohamed Salleh Bin Bajuri	5	105	-	110
Tan Siew Poh	5	60	-	65
Soon Dee Hwee	5	60	-	65
Sherman Lam Yuen Suen	5	60	-	65
	25	429	-	454
	2,263	429	296	2,988

\* The above Director's remuneration was paid by subsidiary companies.

## 24. 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
<b>At 31 March 2019</b>				
<b>Executive</b>				
Dato' Mustapha bin Buang	1,628	-	301	1,929
Dr. Yu Tat Loong*	470	-	100	570
	<u>2,098</u>	<u>-</u>	<u>401</u>	<u>2,499</u>
<b>Non-executive</b>				
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
	<u>16</u>	<u>279</u>	<u>-</u>	<u>295</u>
	<u>2,114</u>	<u>279</u>	<u>401</u>	<u>2,794</u>

\* 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:

	2020	2019
<b>Executive Directors:</b>		
RM 550,001 - RM 750,000	1	1
RM 750,001 - RM 950,000	-	-
RM1,750,001 - RM1,950,000	1	1
<b>Non-executive Directors:</b>		
Below RM50,000	-	1
RM50,001 - RM100,000	3	2
RM100,001 - RM150,000	<u>2</u>	<u>1</u>

**Notes to the Financial Statements**  
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**25. Finance costs**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expense on:				
Hire purchase	13	28	-	3
Bank borrowings	27,230	23,921	2,111	2,135
ICULS (Note 14 (a))	487	640	487	640
Unwinding of discount	1,584	498	1,122	-
	29,314	25,087	3,720	2,778
Less:				
Interest expense capitalised under:				
Land held for development in respect of qualifying assets (Note 4(a))	(1,775)	-	-	-
Property development costs in respect of qualifying assets (Note 4(b))	(791)	(1,009)	-	-
	26,748	24,078	3,720	2,778

## 26. Profit before tax

The following amounts have been included in arriving at profit before tax

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Employee benefits expense (Note 23)	19,154	17,268	3,137	2,967
Non-executive Directors' remuneration (Note 24)	454	295	305	146
Auditors' remuneration				
- statutory audit	346	345	62	62
- other services	19	44	19	44
- under provision in prior year	5	-	-	-
Depreciation of property, plant and equipment (Note 3)	2,757	2,937	7	130
Loss/(gain) on changes in fair value of investment properties	1,256	(46,150)	-	-
Gain on disposal of property, plant and equipment	(129)	-	-	-
(Gain)/loss on fair value adjustments of financial assets at fair value through profit or loss	(733)	(86)	(217)	85
Impairment on:				
- investment in subsidiaries (Note 7(a))	-	-	3,698	3,169
- intangible asset (Note 6)	294	58	-	-
- trade and other receivables (Note 11(a),(b))	19	390	-	-
Rental of land and buildings (Note 18)	372	973	-	-
Write-off of property, plant and equipment	2	-	-	-
Net gain on disposal of investment property	-	(644)	-	-
Gain on termination of right-of-use	(2)	-	-	-
Gain on acquisition of a subsidiary (Note 7(c))	(3,040)	-	-	-
Reversal of impairment loss on investment in subsidiaries (Note 7(a))	-	-	(12,300)	(7)
Unwinding of discount	(25,142)	(5,970)	-	(5,488)
Write back impairment for expected credit losses (Note 11(a),(b))	(13)	(110)	-	-
Expenses relating to short-term leases	372	-	-	-
Expenses relating to leases of low-value assets	59	-	-	-
Reversal of provision for property development obligations	(4,461)	-	-	-

**Notes to the Financial Statements**  
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**27. Income tax expense/(benefit)**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Statement of profit or loss</b>				
Income tax:				
Current year tax expense	4,477	2,882	-	-
Over provision in prior years	(3,071)	(1,366)	-	-
	1,406	1,516	-	-
Deferred tax (Note 10):				
Relating to origination and reversal of temporary differences	4,775	20,595	3	(6)
(Over)/under provision in prior years	(816)	65	-	-
	3,959	20,660	3	(6)
Total income tax expense/ (benefit)	5,365	22,176	3	(6)

Income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2020 and 2019 are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax	53,583	74,860	12,869	625
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	12,860	17,966	3,089	150
Income not subject to tax	(8,329)	(6,986)	(5,096)	(1,376)
Expenses not deductible for tax purposes	4,812	802	1,974	1,181
Deferred tax (assets)/liabilities recognised	(577)	11,388	-	-
Deferred tax assets not recognised in respect of current year's unutilised tax losses and unabsorbed capital allowance	486	307	36	39
Over provision of income tax expense in prior years	(3,071)	(1,366)	-	-
(Over)/under provision of deferred tax in prior years	(816)	65	-	-
Tax expense/(benefit) for the year	5,365	22,176	3	(6)



## **28. 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.

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	48,301	52,686
Weighted average number of ordinary shares in issue ('000)	1,037,127	1,035,985
Assumed full conversion of ICULS ('000)	451,720	451,720
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,488,847	1,487,705
Basic EPS attributable to ordinary equity holders of the Company		
- Before mandatory conversion of ICULS (sen)	4.7	5.1
- After mandatory conversion of ICULS (sen)	3.2	3.5

### **(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.

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	48,301	52,686
Weighted average number of ordinary shares in issue ('000)	1,037,127	1,035,985
Effects of dilution:		
Assumed full conversion of ICULS ('000)	451,720	451,720
Assumed exercise of warrants*	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,488,847	1,487,705
Diluted EPS attributable to ordinary equity holders of the Company after mandatory conversion of ICULS (sen)	3.2	3.5

\* 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.

## 29. Dividends

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

## 30. Lease commitments

### (a) Operating lease commitments

#### (i) 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;
- (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.

### **30. Lease commitments (cont'd)**

#### **(a) Operating lease commitment (cont'd.)**

##### **(i) Group as lessor (cont'd)**

Future minimum rentals receivable under non-cancellable operating leases that are between one to three years at the reporting date are as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than 1 year	45,063	51,791
Later than 1 year but not later than 3 years	14,875	52,058
	<u>59,938</u>	<u>103,849</u>

##### **(ii) 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 four years with renewal option included in the contracts.

Future minimum rentals payable at the reporting date are as follows:

	<b>Group</b>
	<b>2019</b>
	<b>RM'000</b>
Not later than 1 year	844
Later than 1 year but not later than 3 years	178
	<u>1,022</u>

### **31. 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.

## 32. Significant events

### (a) Acquisition of five parcels of leasehold land 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 land in Mukim Petaling, Daerah Petaling, Selangor ("Lands") 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 acquisition is completed upon approvals obtained from:

- i) the relevant State Consent to transfer the Lands from Vendor to BHB; and
- ii) other relevant authorities/parties as required.

### (b) Acquisition of Loan Assets from Prokhas Asset Management Sdn. Bhd. by AGB Properties Sdn. Bhd.

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 Lands (Note 32 (a)) because the Lands 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 Ministry of Finance has to purchase the non-performing loans from liquidating entities.

The Loan Assets under Prokhas are purchased by AGB Properties Sdn Bhd ("AGB"), a wholly-owned subsidiary of the Company to facilitate the BHB's acquisition of the pledged lands for purchase consideration sum of RM27,000,000 subject to the terms and conditions therein.

As at reporting date, AGB had fully paid RM27,000,000 to Prokhas. The Loan Assets is recognised as other receivables as disclosed in Note 11.

### (c) Issuance of Preference Shares by AGB

On 28 May 2019, AGB entered into Subscription Agreement with Areca Strategic Income Fund for the issuance of 25,000,000 redeemable preference shares ("RPS-A") valued at RM1.00 together with 7,125,000 free detachable zero-rated redeemable preference shares ("ZRPS-A") for a period of three (3) years and 25,000,000 redeemable preference shares ("RPS-B") valued a RM1.00 each together with 4,750,000 free detachable zero-rated redeemable preference shares ("ZRPS-B") for a period of two (2) years by AGB to finance the acquisition of the Loan Assets mentioned in Note 32 (b) above.

### (d) Acquisition of 90% equity interest in Everest Pioneer Sdn. Bhd. which held the twelve 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 land owner and directors of EPSB and Pelan Positif Sdn. Bhd. as developer to assume the development and ownership of twelve parcels of leasehold land known as H.S. (D) 314681 to H.S. (D) 314692, PT 12800 to PT 12811 (previously known as PN 75132 Lot 51437, PN 75133 Lot 51438 and PN 75139 Lot 51439) all of Pekan Baru Sungai Buloh, Daerah Petaling, Selangor ("the Lands"), charged to CIMB Islamic Bank for a redemption amount of RM10,200,000.

**32. Significant events (cont'd)**

**(d) Acquisition of 90% equity interest in Everest Pioneer Sdn. Bhd. which held the twelve parcels of leasehold land in Pekan Baru Sungai Buloh, Daerah Petaling, Selangor (cont'd)**

As the land matters for the Lands and approvals were vested to EPSB as the registered landowner, in anticipation of the need to complete all the outstanding approval processes with the authorities, the Company decided to acquire a 90% equity interest in EPSB vide a subscription of 9,000,000 ordinary shares (90%) was made on 1 August 2019 for a cash consideration of RM4,000,000 as described in Note 7(c).

**(e) COVID-19 pandemic**

The Malaysian Government had implemented Movement Control Order ("MCO") effective from 18 March 2020 as a preventive measure in response to the COVID-19 pandemic in Malaysia which prohibited the mass movements and gatherings across the country. All business premises were closed except for supermarkets, public markets, grocery stores and convenience stores selling everyday necessities. The following is the COVID-19 impact assessments based on the Group's major operating segments:

**i) Imago mall retail outlets business**

The MCO had resulted in more than 90% temporary closure of the Group's Imago Mall retail outlets in KK Times Square, Kota Kinabalu, Sabah from 18 March 2020 to 9 May 2020. Effective from 10 May 2020, approximately 85% of Imago's retail outlets resumed operations by stages with strict Standard Operating Procedures ("SOPs") in place. The shoppers traffic footfall to the Imago Mall has gradually increased. However, compared to the pre COVID-19 period last year and the same period this year, Imago Mall has recorded a drop of 30% to 40% in the footfall for June 2020 and July 2020.

The summary of the financial impacts are as follows:

- 1) Significant drop in Imago Mall retail outlets' sales performance will affect the mall's turnover rent;
- 2) Drop in mall's revenue is due to 50% rental rebates on base/gross rent provided to the tenants to support tenants' business from February to June 2020;
- 3) Drop in mall's occupancy rate due to early termination and/or non-renewal of tenancy agreements;
- 4) Increase in health and safety expenses due to the SOPs implemented and preparation of Personal Protective Equipment for employees' and shoppers. Total cost incurred from February to June 2020 amounted to RM65,000.

**ii) Car parks operations**

The initial impact of the MCO on Group's car park operations in the month of March and April 2020 was severe with more than 90% drop in revenue. However, with the relaxation of restrictions during the Conditional and Recovery phases of the MCO ("CMCO" and "RMCO") from 10 May 2020 onwards, the Group experienced significant improvement in the traffic volume. As at June 2020 the Group has achieved around 85% of the revenue of pre COVID-19 level.

## 32. Significant events (cont'd)

### (e) COVID-19 pandemic (cont'd)

#### ii) Car parks operations (cont'd)

As the car park collections are on "cash basis" and the direct costs of operations are around 33% to 38% of revenue, the Group does not expect the car park operations to face liquidity or unable to fulfil its financial obligations in the foreseeable future. Barring unforeseen circumstances, the Group expects the performance of car park operations to be the first segment to recover to the pre COVID-19 level by end of year 2020.

#### iii) Property Development Segment

The impact of COVID-19 pandemic on the property development segment is as follows:

- (a) Site work progress was affected due to suspension of construction activities. The planned vacant possession for the Group's development project is deferred by 3 to 4 months. We do not expect delay in handing over the completed properties to purchasers, nevertheless, we will apply to the Ministry of Housing and Local Government for extension of time due to the lockdown during MCO;
- (b) Pre-development planning and authorities' site inspections were disrupted due to the closure of local authorities' office and the officers' work-from-home. This has resulted in the Group revised its business plan and defers the launching of the Group's projects to later part of year 2020 or early 2021;
- (c) Sales of stock units and launching of new products were affected due to the physical sales and marketing activities were suspended. The Group has changed the marketing plans and strategies from the conventional way of selling properties to digital marketing via Facebook and Google Ads to address the temporary restrictions on mass gathering for sales launch.

The Group addressed the impact of COVID-19 on the cash-flow, liquidity, financial performance and financial position by taking among others the following measures:

- Cost cutting measures on the direct and operating expenses, including staff salaries across the Group's business;
- Applied to the financial institutions for the 6 months moratorium on the principal repayment for the Group's loans;
- Submitted the CP-204A to revise and defer the tax instalment payments from the 3rd instalment onwards for year of assessment ("YA") 2021 as allowed by Inland Revenue Board;
- To conserve cashflow by deferring some less urgent capital expenditures to next financial year; and
- Revised the Group's 5 years business plan to take into account the reduction in revenue and deferment of development projects.

With the measures taken and coupled with the Group's existing resources, the Group is confident of its ability to fulfil its financial obligations to meet the operating expenditures and sustain its business in the foreseeable future.



### **33. 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:

	<b>Group</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Lease paid/payable to a company with common Director	148	687
Car park management revenue from a group with common Director	1,036	328

	<b>Company</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Gross dividend income from subsidiaries	8,200	1,750
Management fees charged to subsidiaries	3,434	2,738

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 24.

### **34. 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:

	<b>Note</b>
Trade and other receivables	11
Loans and borrowings (current)	16
Trade and other payables	17

### 34. 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.

#### 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.                      |

### **34. 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 2020 and 31 March 2019, the Group and the Company held the following assets carried at fair value in the statements of financial position:

	<b>2020 RM'000</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>
<b>Group</b>				
<b>Assets measured at fair value</b>				
Non-current financial asset:				
Quoted shares in Malaysia	1,942	1,942	-	-
Investment properties	1,318,364	-	-	1,318,364
Current financial asset:				
Short term investments	13,044	13,044	-	-

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**34. Fair value of financial instruments (cont'd)**

**Fair value hierarchy (cont'd)**

As at 31 March 2020 and 31 March 2019, the Group and the Company held the following assets carried at fair value in the statements of financial position (cont'd):

	2020 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
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**Company**

**Assets measured at fair value**

Non-current financial asset:				
Quoted shares in Malaysia	638	638	-	-
Current financial asset:				
Short term investments	2,062	2,062	-	-

	2019 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
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**Group**

**Assets measured at fair value**

Non-current financial asset:				
Quoted shares in Malaysia	4,128	4,128	-	-
Investment properties	1,319,614	-	-	1,319,614
Current financial asset:				
Short term investments	21,479	21,479	-	-

**Company**

**Assets measured at fair value**

Non-current financial asset:				
Quoted shares in Malaysia	1,354	1,354	-	-
Current financial asset:				
Short term investments	18,739	18,739	-	-

During the financial year ended 31 March 2020, there was no known transfer between Level 1, Level 2 and Level 3 fair value measurement.

### **35. 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 Management 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.

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.

**35. Financial risk management objectives and policies (cont'd)**
**(a) Credit risk (cont'd)**
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:

Group	2020		2019	
	RM'000	% of total	RM'000	% of total
<b>By business segments:</b>				
Property development	904	24%	6,249	74%
Mall operations	1,671	44%	1,376	16%
Car park operations	157	4%	88	1%
Trading of building materials	1,063	28%	753	9%
	3,795	100%	8,466	100%

**(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 14% (2019: 36%) 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.

### 35. 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.

2020	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
<b>Group</b>				
<b>Financial liabilities:</b>				
Trade and other payables	69,830	155,246	-	225,076
Loans and borrowings	87,578	247,828	175,261	510,667
Lease liabilities	697	931	-	1,628
ICULS	-	7,581	-	7,581
Preference shares	4,750	53,273	-	58,023
Total undiscounted financial liabilities	162,855	464,859	175,261	802,975
<b>Company</b>				
<b>Financial liabilities:</b>				
Trade and other payables, excluding financial guarantees	7,588	12,283	-	19,871
Loans and borrowings	27,097	-	-	27,097
ICULS	-	7,581	-	7,581
Total undiscounted financial liabilities*	34,685	19,864	-	54,549



**35. 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).

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
<b>Group</b>				
<b>Financial liabilities:</b>				
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
<b>Company</b>				
<b>Financial liabilities:</b>				
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

\* 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.

### **35. 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit net of tax	(190)	(228)	(19)	(25)

#### **(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.

### **36. 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 2020 and 31 March 2019.

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### 36. 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.

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loans and borrowings	16	461,184	337,149	32,581	34,843
Trade and other payables	17	225,076	111,364	19,871	24,833
Lease liabilities	18	1,492	-	-	-
Less: Cash and bank balances	13	(45,396)	(59,201)	(1,145)	(8,351)
Net debt		642,356	389,312	51,307	51,325
Equity attributable to the owners of the parent, representing total capital		1,093,093	1,046,978	526,744	514,594
Capital and net debt		1,735,449	1,436,290	578,051	565,919
Gearing ratio		37.0%	27.1%	8.9%	9.1%

### 37. 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.

## 37. Segment information (cont'd)

	Investment holding and others		Property development		Land and office properties		Car park operations		Mall operations		Adjustments and eliminations		Note	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue:</b>														
External customers	2,780	1,519	99,865	67,786	1,248	1,279	10,035	9,871	64,245	63,956	-	-	178,173	144,411
Inter-segment	33,341	4,489	7,225	6,840	-	7	174	241	20,737	21,528	(61,477)	(33,105)	-	-
Total revenue	36,121	6,008	107,090	74,626	1,248	1,286	10,209	10,112	84,982	85,484	(61,477)	(33,105)	178,173	144,411
<b>Results:</b>														
Interest income	520	450	1,629	802	13	7	91	20	295	331	-	-	2,548	1,610
Depreciation	13	135	1,326	1,700	11	11	146	60	1,261	1,031	-	-	2,757	2,937
Other non-cash expenses	1,122	-	224	110	-	-	-	-	244	389	-	-	1,590	499
Impairment of assets	14,382	3,266	3	273	40	-	760	-	2,956	42	(14,072)	(3,133)	4,069	448
Segment profit/ (loss)	42,704	7,948	34,993	(2,224)	3,038	4,616	3,770	22,641	22,361	48,421	(53,283)	(6,542)	53,583	74,860
<b>Assets and liabilities:</b>														
Additions to non-current assets	-	4	364	465	-	-	432	475	1,393	680	-	-	2,189	1,624
Segment assets	48,478	66,784	562,315	239,213	163,265	165,042	127,806	129,109	1,052,433	1,059,542	86,697	85,410	2,040,994	1,745,100
Segment liabilities	99,348	55,573	385,392	168,406	11,514	8,337	10,359	10,282	375,244	395,153	62,495	57,536	944,352	695,287

**Notes to the Financial Statements**  
**31 March 2020**

**37. Segment information (cont'd)**

**Notes      Nature of expenses, 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 consists of the following items presented in the respective notes to the financial statements:

	Note	2020 RM'000	2019 RM'000
Unwinding interest	25	1,584	498

C      Impairment of assets consists of:

	Note	2020 RM'000	2019 RM'000
Impairment on intangible asset	6	294	58
Impairment in value of subsidiary companies		(14,366)	(3,191)
		(14,072)	(3,133)

D      The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2020 RM'000	2019 RM'000
Land held for property development	53,644	53,644
Intangible asset	37,370	445
Property development costs	20,389	41,454
Inventories for completed properties	-	1,651
Investment properties	(7,940)	4
Accrued billings in respect of property development costs	(16,766)	(11,788)
	86,697	85,410

E      The following items are (deducted from)/added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2020 RM'000	2019 RM'000
Deferred tax liabilities	66,599	57,536
Lease creditors	(4,104)	-
	62,495	57,536

**Geographical segments**

No geographical segment is prepared as the Group operates only in Malaysia.

### **38. Capital commitments**

	<b>2020</b> <b>RM'000</b>	<b>2019</b> <b>RM'000</b>
Capital expenditure:		
Approved and contracted for:		
- Land	-	270,000
- Loan assets	-	23,200

### **39. Comparatives**

Certain comparative figures have been reclassified to conform to current financial year's presentation.

# LIST OF PROPERTIES HELD

AS AT 31 MARCH 2020

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	5	792,066 sq. ft. & 304,199 sq. ft.	1,101,004	31/03/2020
H.S. (D) 54784 - 54788, PT 12813 - 12817, Mukim Petaling, Daerah Petaling, Selangor	Land	Land held for development	Leasehold expires : 02/08/2090	NA	74 acres	322,256	20/02/2020
HSD 28646, Lot No. PT 4021, Mukim of Semenyih, District of Ulu Langat, Selangor	Land	Investment Property	Freehold	NA	91.37 acres	87,000	26/03/2020
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	48,000	31/03/2020
Title No. TL 17540500 Kota Kinabalu, Sabah	Ground and basement carpark	Carpark operations	Leasehold Expires : 31/12/2080	12	114,039 sq. ft.	37,860	31/03/2020
PN 113068, Lot 87285 Mukim Sungai Buloh, Petaling, Selangor	Land	Property under development	Leasehold Expires : 26/02/2116	N/A	6.47 acres	32,145	26/03/2013
Town Lease 017514617 Likas, District of Kota Kinabalu, Sabah	Land	Property under development	Leasehold expires : 22/12/2063	NA	1.85 acre	28,818	30/08/2018
Country Lease No. 025314096 District of Papar, Sabah	Land	Property under development	Leasehold expires : 28/06/2924	N/A	16.57 acres	28,585	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	26,400	31/03/2020



# STATEMENT OF SECURITIES HOLDERS

## ORDINARY SHARES AS AT 30 JULY 2020

Issued and paid-up capital : RM210,976,630.00  
 No. of Holders : 14,765  
 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	241	1.632	4,778	0.000
100 - 1,000	3,233	21.896	3,047,872	0.294
1,001 - 10,000	7,347	49.759	34,801,802	3.356
10,001 - 100,000	3,151	21.341	120,528,542	11.621
100,001 - 51,856,354	792	5.364	771,044,116	74.344
51,856,355 and above	1	0.006	107,700,000	10.384
<b>Total</b>	<b>14,765</b>	<b>100.000</b>	<b>1,037,127,110</b>	<b>100.000</b>

## 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	107,700,000	10.384
2.	South Malaysia Industries Berhad	48,344,000	4.661
3.	Dato' Mustapha Bin Buang	29,724,485	2.866
4.	Mah Sau Cheong	25,418,669	2.451
5.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Sau Cheong	25,400,000	2.449
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Sau Cheong	23,550,000	2.271
7.	Bandar Sri Tujuh Sdn Bhd	21,445,000	2.068
8.	Puncak Darul Naim Sdn Bhd	17,767,100	1.713
9.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Pow Choo @ Wong Seng Eng	16,750,500	1.615
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	8,900,000	0.858
13.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phung Tze Thiam @ John Phung	8,500,000	0.820
14.	Mah Siew Seong	8,388,800	0.809
15.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd	7,680,316	0.741
16.	RHB Nominees (Tempatan) Sdn Bhd OSK Trustees Berhad for The Divine Vision Trust	7,526,500	0.726
17.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited	6,912,433	0.666

## Statement of Securities Holders

## LIST OF THIRTY LARGEST SHAREHOLDERS/DEPOSITORS (CONT'D)

No.	Name	No. of Shares Held	% of Issued Capital
18.	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Sri Badas Sdn Bhd	5,785,000	0.558
19.	Taman Bunga Merlimau Sdn Bhd	5,782,000	0.558
20.	Lee See Jin	5,603,200	0.540
21.	ABB Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Puncak Darul Naim Sdn Bhd	5,600,000	0.540
22.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeong Sin Khong	5,522,900	0.533
23.	Puncak Darul Naim Sdn Bhd	5,412,575	0.522
24.	Mah Wee Hian @ Mah Siew Kung	5,373,300	0.518
25.	Chin Lai Kuen	5,260,000	0.507
26.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Hon Chung Lip	5,043,000	0.486
27.	MP Factors Sdn Bhd	5,040,000	0.486
28.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rozanita Binti Zainal Abidin	5,000,000	0.482
29.	Chang Fai Ann	4,710,400	0.454
30.	Che Norsiah Binti Mohd Shariff	4,639,800	0.447
<b>Total</b>		<b>451,940,178</b>	<b>43.576</b>

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	-	-	-	-

\* Deemed interest by virtue of his spouse.

## Statement of Securities Holders

### 5-YEAR 3% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") AS AT 30 JULY 2020

Unconverted ICULS	:	90,343,961
Conversion Price	:	RM1.00 (where 1 ICULS will be converted into 5 new ordinary shares)
Maturity Date	:	25 May 2022
Conversion Period	:	26 May 2017 – 25 May 2022
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	3	0.394	50	0.000
100 – 1,000	299	39.290	154,290	0.171
1,001 – 10,000	272	35.742	1,195,258	1.323
10,001 – 100,000	134	17.608	4,686,560	5.187
100,001 – 4,517,197	49	6.438	27,002,992	29.889
4,517,198 and above	4	0.525	57,304,811	63.430
<b>Total</b>	<b>761</b>	<b>100.000</b>	<b>90,343,961</b>	<b>100.000</b>

### LIST OF THIRTY LARGEST ICULS HOLDERS

No.	Name	No. of ICULS Held	% of ICULS Issued
1.	Mah Sau Cheong	24,000,000	26.565
2.	Mah Sau Cheong	15,570,411	17.235
3.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Sau Cheong	12,900,000	14.279
4.	South Malaysia Industries Berhad	4,834,400	5.351
5.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Sau Cheong	3,330,000	3.686
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Sau Cheong	3,000,000	3.321
7.	Puncak Darul Naim Sdn Bhd	2,950,200	3.266
8.	Seraya Kota Sdn Bhd	2,276,500	2.520
9.	Bandar Sri Tujuh Sdn Bhd	2,144,500	2.374
10.	Choo Lye Hock	832,100	0.921
11.	Chin Khee Kong & Sons Sendirian Berhad	765,000	0.847
12.	Teoh Chooi Guat	734,100	0.813
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mah Wee Hian @ Mah Siew Kung	700,500	0.775
14.	Goh Thong Beng	680,000	0.753
15.	Chin Kiam Hsung	634,500	0.702
16.	RHB Nominees (Tempatan) Sdn Bhd OSK Trustees Berhad for The Divine Vision Trust	481,170	0.533
17.	Che Norsiah Binti Mohd Shariff	463,980	0.514

## Statement of Securities Holders

## LIST OF THIRTY LARGEST ICULS HOLDERS (CONT'D)

No.	Name	No. of ICULS Held	% of ICULS Issued
18.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeong Sin Khong	451,290	0.500
19.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kiam Hsung	377,570	0.418
20.	Chin Sin Lin	374,000	0.414
21.	Jenny Wong	347,800	0.385
22.	Chin Kian Fong	345,500	0.382
23.	Puncak Darul Naim Sdn Bhd	345,062	0.382
24.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kiam Hsung	339,990	0.376
25.	Zubaidah Binti Bunyamin	330,390	0.366
26.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Mustapha Bin Buang	312,650	0.346
27.	Indar Kaur A/P Dan Singh	300,000	0.332
28.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock	300,000	0.332
29.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ser Yu Beng	295,000	0.327
30.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Kuan Fong	281,000	0.311
<b>Total</b>		<b>80,697,613</b>	<b>89.323</b>

## 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	-	-	-	-
Ms Sherman Lam Yuen Suen	-	-	-	-

\* Deemed interest by virtue of his spouse.

## Statement of Securities Holders

### WARRANTS AS AT 30 JULY 2020

Unexercised Warrants	:	198,512,922
Maturity Date	:	25 May 2022
Exercise Period	:	26 May 2017 – 25 May 2022
Exercise Price	:	RM0.25
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	0.256	81	0.000
100 – 1,000	190	24.358	85,880	0.043
1,001 – 10,000	322	41.282	1,486,536	0.749
10,001 – 100,000	182	23.333	7,520,220	3.788
100,001 – 9,925,645	83	10.641	71,819,383	36.179
9,925,646 and above	1	0.128	117,600,822	59.241
<b>Total</b>	<b>780</b>	<b>100.000</b>	<b>198,512,922</b>	<b>100.000</b>

### LIST OF THIRTY LARGEST WARRANTS HOLDERS

No.	Name	No. of Warrants Held	% of Warrants Issued
1.	Mah Sau Cheong	117,600,822	59.241
2.	South Malaysia Industries Berhad	9,668,800	4.871
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	2.942
5.	Seraya Kota Sdn Bhd	4,322,000	2.177
6.	Wee Jui Jong	3,660,000	1.844
7.	Bandar Sri Tujuh Sdn Bhd	3,445,000	1.735
8.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Swee Heng	3,252,200	1.638
9.	Loke Pak Joen	2,088,700	1.052
10.	Chin Khee Kong & Sons Sendirian Berhad	1,530,000	0.771
11.	Teoh Chooi Guat	1,468,200	0.740
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	0.651
15.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ser Yu Beng	1,238,600	0.624
16.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Yen Lang	1,230,200	0.620

## Statement of Securities Holders

## LIST OF THIRTY LARGEST WARRANTS HOLDERS (CONT'D)

No.	Name	No. of Warrants Held	% of Warrants Issued
17.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Yen Lang	1,170,300	0.590
18.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Julian Cheah Wai Meng	1,080,000	0.544
19.	RHB Nominees (Tempatan) Sdn Bhd OSK Trustees Berhad for The Divine Vision Trust	962,340	0.485
20.	Boon Kim Yu	959,200	0.483
21.	Che Norsiah Binti Mohd Shariff	927,960	0.467
22.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeong Sin Khong	902,580	0.455
23.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kiam Hsung	755,140	0.380
24.	Chin Sin Lin	748,000	0.377
25.	Chin Kian Fong	725,000	0.365
26.	Puncak Darul Naim Sdn Bhd	690,124	0.348
27.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Geok Lian	685,680	0.345
28.	Zubaidah Binti Bunyamin	660,780	0.333
29.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Mustapha Bin Buang	625,300	0.315
30.	Teoh Chun Heng	546,199	0.275
<b>Total</b>		<b>176,699,325</b>	<b>89.011</b>

## 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	-	-	-	-

\* Deemed interest by virtue of his spouse.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 102<sup>nd</sup> Annual General Meeting of the Company will be conducted on a fully virtual basis at the Broadcast Venue at Conference Room, 13A Floor, Menara SMI, No. 6, Lorong P. Ramlee, 50250 Kuala Lumpur on Wednesday, 30 September 2020 at 11.00 a.m. to transact the following businesses:

## AGENDA

### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2020 and the Reports of the Directors and Auditors. **[Please refer Explanatory Note 4 (a)]**
2. To re-elect the following Directors who retire by rotation and being eligible offers themselves for re-election in accordance with Clause 23.4 of the Company's Constitution:
  - (i) Tan Sri Dato' Seri Hj Megat Najmuddin Bin Datuk Seri Dr Hj Megat Khas **Resolution 1**
  - (ii) Dato' Mustapha Bin Buang **Resolution 2**
  - (iii) Dr Yu Tat Loong. **Resolution 3**
3. **(a) Directors' Fees in respect of financial year ending 31 March 2021** **Resolution 4**

To approve the Directors' Fees up to RM432,000.00 payable to the Non-Executive Directors of the Company and subsidiary for the financial year ending 31 March 2021.

**(b) Meeting Allowances to Non-Executive Directors** **Resolution 5**

To approve the payment of meeting allowances up to an amount of RM25,000.00 from 1 October 2020 until the next annual general meeting of the Company.
4. To re-appoint Messrs Ernst & Young PLT as the Company's Auditors to hold office for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 6**

### 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** **Resolution 7**

**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.



**Notice of Annual General Meeting****(b) Retention as Independent Non-Executive Director****Resolution 8**

**THAT** subject to passing of Resolution 1, 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 twelve (12) years to continue to act as an Independent Non-Executive Director of the Company.

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 Constitution.

By Order of the Board

**Chan Yoon Mun (SSM PC No: 202008000391/MAICSA 0927219)**

**Ooi Mei Ying (SSM PC No: 202008000797/MAICSA 7051036)**

Secretaries

Kuala Lumpur  
28 August 2020

**Notes:****(1) Broadcast Venue**

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting. No members/proxies are allowed to attend the 102<sup>nd</sup> AGM in person at the Broadcast Venue on the day of 102<sup>nd</sup> AGM.

**(2) Members Entitled To Attend**

In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 September 2020 (General Meeting Record of Depositors) shall be entitled to participate and vote at the 102<sup>nd</sup> AGM.

**(3) 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 office of Poll Administrator, Mega Corporate Services Sdn Bhd of Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur either (i) by hand/post; or (ii) by facsimile at Poll Administrator's fax no. 03-2732 5388 or (iii) via email to [AGM-support.APAC@megacorp.com.my](mailto:AGM-support.APAC@megacorp.com.my) not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. You will receive an email to notify you that the remote participation is available for registration at Online link: <https://vps.megacorp.com.my/ha0VvZ>.

## Notice of Annual General Meeting

### (4) Explanatory Notes on Ordinary Business

#### (a) Item 1 of the Agenda - To receive the Audited Financial Statements for the financial year ended 31 March 2020

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item will not be put forward for voting.

#### (b) Resolutions 4 and 5 - Directors' Fees and meeting allowances to Non-Executive Directors

Pursuant to Section 230(1) of the Companies Act 2016, fees and any benefits payable to the Directors of the Company and its subsidiaries shall be approved by the shareholders at a general meeting.

The details of the fees and meeting allowance payable to the Non-Executive Directors are as follows:

##### **Directors' Fees (per annum)**

Chairman of the Board	- RM144,000
Chairman of the Audit and Risk Management Committee	- RM100,000
Other Non-Executive Director	- RM60,000

##### **Meeting Allowance (per meeting/day)**

Non-Executive Director	- RM1,000
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Payment of Directors' fees and meeting allowances will be made by the Company on a monthly basis and as and when incurred. The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the Directors' Fees and meeting allowances on a monthly basis and as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries.

### (5) Explanatory Notes on Special Business:-

#### (a) Resolution 7 - Authority to issue shares pursuant to Sections 75 & 76 of the Companies Act, 2016

The proposed Resolution 7 is a renewal of general mandate, if passed, will empower the Directors of the Company, from the date of the above AGM, to issue a maximum of up to ten percent (10%) of the issued and paid-up capital of the Company for the time being for such purposes as the Directors 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.

There were no shares issued from the previous mandate given to the Directors at the last AGM held on 3 September 2019, which will lapse upon conclusion of the forthcoming 102<sup>nd</sup> AGM.

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****(5) Explanatory Notes on Special Business (cont'd):-****(b) Resolution 8 - 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 justifications:

- (i) He fulfilled the criteria under the definition of independent director as stated in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (ii) had demonstrated throughout the terms of his office to be independent by exercising independent judgement when a matter was put before him for decision. Thus, he was able to function as 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 be retained 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.

**STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

There is no person seeking for election as Director of the Company at this Annual General Meeting

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# PROXY FORM

102<sup>ND</sup> ANNUAL GENERAL MEETING



## ASIAN PAC HOLDINGS BERHAD

Company No. 191301000011 (129-T)

(Incorporated in Malaysia)

Registered Office:

12<sup>th</sup> Floor, Menara SMI, No. 6, Lorong P. Ramlee,  
50250 Kuala Lumpur.

Tel: 03-2786 3388 Fax: 03-2786 3386

Number of shares held	
CDS Account No.	

I/We (Full Name) \_\_\_\_\_ (NRIC No./ Co. No. \_\_\_\_\_)

Tel No/Mobile No. \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being a member/members of **ASIAN PAC HOLDINGS BERHAD** do hereby appoint :-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of Shares	%
Mobile Phone No:	Email:		

and / or (delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of Shares	%
Mobile Phone No:	Email:		

failing him, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the 102<sup>nd</sup> Annual General Meeting ("AGM") of the Company to be conducted fully virtual at the Broadcast Venue at Conference Room, 13A Floor, Menara SMI, No. 6, Lorong P. Ramlee, 50250 Kuala Lumpur on Wednesday, 30 September 2020 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 Tan Sri Dato' Seri Hj Megat Najmuddin as Director		
2	To re-elect Dato' Mustapha Bin Buang as Director		
3	To re-elect Dr. Yu Tat Loong as Director		
4	To approve the payment of Directors' Fees for financial year ending 31 March 2021		
5	To approve the payment of meeting allowance		
6	To re-appoint Messrs. Ernst & Young PLT as Auditors		
7	To authorize Directors to issue shares pursuant to S75 and 76 of the Companies Act 2016		
8	To retain Tan Sri Dato' Seri Hj Megat Najmuddin as Independent Non-Executive Director		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2020

\_\_\_\_\_  
Signature of Member

### Notes:

#### 1. Broadcast Venue

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting. No members/proxies are allowed to attend the 102<sup>nd</sup> AGM in person at the Broadcast Venue on the day of 102<sup>nd</sup> AGM.

#### 2. Members Entitled To Attend

In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 September 2020 (General Meeting Record of Depositors) shall be entitled to participate and vote at the 102<sup>nd</sup> AGM.

#### 3. Appointment of Proxy

- 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.
- 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.
- 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.
- 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.
- 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.
- An instrument appointing a proxy must be deposited at the office of Poll Administrator, Mega Corporate Services Sdn Bhd of Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur either (i) by hand/post; or (ii) by facsimile at Poll Administrator's fax no. 03-2732 5388 or (iii) via email to [AGM-support.APAC@megacorp.com.my](mailto:AGM-support.APAC@megacorp.com.my) not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. You will receive an email to notify you that the remote participation is available for registration at Online link: <https://vps.megacorp.com.my/ha0VvZ>.

Fold this flap for sealing

Then fold here

AFFIX  
STAMP

**ASIAN PAC HOLDINGS BERHAD**  
Company No. 191301000011 (129-T)

c/o Mega Corporate Services Sdn Bhd  
Level 15-2, Bangunan Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur

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## **ASIAN PAC HOLDINGS BERHAD**

Company No. 191301000011 (129-T)

12th Floor, Menara SMI  
No. 6, Lorong P. Ramlee  
50250 Kuala Lumpur.  
Tel : 03-2786 3388  
Fax : 03-2786 3386

[www.asianpac.com.my](http://www.asianpac.com.my)