CHIN HIN GROUP PROPERTY BERHAD (553434-U)

(formerly known as Boon Koon Group Berhad)

2019 ANNUAL REPORT

CONTENTS

LEADERSHIP DRIVEN BY INNOVATION & CREATIVITY

Innovation, technological advancement, keeping abreast with changes, and focus are the qualities that make a top market leader. Established since 1977, Chin Hin Group Property Berhad (formerly known as Boon Koon Group Berhad) has unveiled its grand mission statement aiming for an extensive breakthrough across global frontiers with the support of our highly skilled employees and devoted customers. Through perseverance, careful planning and execution of its business strategies, we managed to move forward, hence placing us in the lead. This has created a better competitive position for the Company. It is undeniable that we are continuously being driven by research and technological advancement, and our state-of-the-art machinery, which makes us a true leader.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Datuk Seri Chiau Beng Teik
Non-Independent Non-Executive Chairman

Chiau Haw Choon
Executive Director

Datuk Yeo Chun Sing
Executive Director

Dato' Goh Boon Koon
Non-Independent Non-Executive Director

Khoo Chee Siang
Independent Non-Executive Director

Ho Kok Loon
Independent Non-Executive Director

Shelly Chiau Yee Wern
Alternate Director to Datuk Seri Chiau Beng Teik

AUDIT COMMITTEE

Chairman
Khoo Chee Siang

Members
Dato' Goh Boon Koon
Ho Kok Loon

REMUNERATION COMMITTEE

Chairman
Khoo Chee Siang

Members
Ho Kok Loon
Chiau Haw Choon

NOMINATION COMMITTEE

Chairman
Khoo Chee Siang

Members
Dato' Goh Boon Koon
Ho Kok Loon

COMPANY SECRETARIES

Chee Wai Hong (BC/C/1470)
Foo Li Ling (MAICSA 7019557)

REGISTERED OFFICE

51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Tel: 604-228 9700
Fax: 604-227 9800

HEAD OFFICE

1177, Jalan Dato Keramat
14300 Nibong Tebal
Seberang Perai Selatan, Penang
Tel: 604-593 1504
Fax: 604-598 1696
Email: bkgb@boonkoon.com

AUDITORS

Messrs UHY (AF 1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 603-2279 3088
Fax : 603-2279 3099

SHARE REGISTRAR

Bina Management (M) Sdn. Bhd.
Lot 10 The Highway Centre
Jalan 51/205, 46050 Petaling Jaya
Selangor Darul Ehsan
Tel: 603-7784 3922
Fax: 603-7784 1988
Email : binawin@streamyx.com

SOLICITORS

Messrs. Allen Chee Ram
Messrs. Phee, Chen & Ung

PRINCIPAL BANKERS

AmBank (M) Berhad/Ambank Islamic Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Securities Malaysia Securities Berhad

Shares
Stock Code: 7187
Stock Name: CHGP

Warrants
Stock Code: 7187WA
Stock Name: CHGP-WA

WEBSITE ADDRESS

www.chgp.my

PROFILES OF **DIRECTORS**

DATUK SERI CHIAU BENG TEIK

Malaysian | Male |Aged 57

NON-INDEPENDENT NON-EXECUTIVE CHAIRMAN

Datuk Seri Chiau Beng Teik was appointed to the Board as Non-Independent Non-Executive Director on 25 April 2017 and was re-designated as Non-Independent Non-Executive Chairman on 26 May 2017. He finished his primary education at SJK (C) Pei Min, Padang Setar in Alor Setar, Kedah in December 1974.

He started working at his father's hardware shop at the young age of 13 in January 1975. After many years of experience gained from working with his father, he took over the business and ventured into the business of trading building materials and cement transportation under the name of Chop Chin Hin in March 1994. In February 1995, he started a cement distributor trading company named Syarikat Perniagaan dan Pengangkutan Chin Hin Sdn Bhd which is now known as PP Chin Hin Sdn Bhd. Over the years, he has played an instrumental role in the growth of Chin Hin Group Berhad Group and its subsidiaries, expanding the business from a single office in Alor Setar, Kedah to a group of companies with an expansive network of branch offices and factories throughout Peninsular Malaysia.

Currently, he is the Deputy Group Executive Chairman of Chin Hin Group Berhad ("Chin Hin") and Non-Independent Non-Executive Chairman of Green Ocean Corporation Berhad, both are public company listed on the Main Market and ACE Market of Bursa Malaysia Securities Berhad respectively. He also serves as Director for a number of subsidiaries within the Group of Chin Hin and also has directorships in various other businesses.

Datuk Seri Chiau Beng Teik is the father of Mr Chiau Haw Choon, the Executive Director of the Company. He has no conflict of interest with the Company other than those disclosed in the Company's circular to shareholders dated 31 July 2019. He has no conviction for any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHIAU HAW CHOON

Malaysian | Male |Aged 35

EXECUTIVE DIRECTOR

Mr Chiau Haw Choon was appointed to the Board as Non-Independent Non-Executive Director on 25 April 2017 and was re-designated as Executive Director on 21 February 2019. He graduated from Deakin University, Australia with a Bachelor Degree in Finance and Marketing in April 2009.

He is the Group Managing Director of Chin Hin, a public company listed on the Main Market of Bursa Malaysia Securities Berhad. His responsibilities includes ensuring board decisions and directions are implemented, providing strong leadership, communicating the vision, management, philosophy and business strategies to the employees, keeping the Board fully informed of all important aspects of Chin Hin's Group operations and ensuring sufficient information are disseminated to the board, as well as ensuring the day-to-day business of Chin Hin's Group are effectively managed. He is in charge of the day-to-day operational matters and decisions making of Chin Hin's Group. Working closely with all the Business Unit Heads, he oversees the implementation and execution of Chin Hin's Group overall business strategic plans, corporate policies and operations, to ensure the continuous growth of Chin Hin's Group. He is also responsible for Chin Hin's Group corporate social activities.

He is currently a member of Remuneration Committee of the Company.

Mr Chiau Haw Choon is the son of Datuk Seri Chiau Beng Teik, the Non-Independent Non-Executive Chairman and a major shareholder of the Company. He is also the brother of Ms Shelly Chiau Yee Wern, the Alternate Director to Datuk Seri Chiau Beng Teik. He has no conflict of interest with the Company other than those disclosed in the Company's circular to shareholders dated 31 July 2019. He has no conviction for any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILES OF DIRECTORS (CONT'D)

DATUK YEO CHUN SING
Malaysian | Male |Aged 52
EXECUTIVE DIRECTOR

Datuk Yeo Chun Sing is an Executive Director of the Company and was appointed to the Board on 5 May 2017. He graduated from University Science of Malaysia with Bachelor of Science degree in Housing, Building and Planning in 1990 and obtained his Master of Business Administration from University of Malaya in 2000.

He has more than 27 years of experience in the property development industry and held the post of Managing Director of Malaysia Land Properties Sdn Bhd prior to joining Aera Property Group Sdn Bhd ("Aera"). He is currently the Managing Director of Aera and oversees the Aera's Group overall operation, all conceptual, technical design and implementation of the Aera's Group development projects.

Datuk Yeo Chun Sing does not hold any directorships in any other public companies and listed issuers. He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DATO' GOH BOON KOON
Malaysian | Male |Aged 65
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Goh Boon Koon is the founder of Chin Hin Group Property Berhad (formerly known as Boon Koon Group Berhad) ("CHGP") and was appointed as the Managing Director of the Company on 7 January 2004. On 19 February 2009, he was re-designated as Executive Chairman and later as Non-Independent Non-Executive Director on 26 May 2017. He is also a major shareholder of the Company.

Having been involved in the commercial vehicles industry for more than 35 years, he has acquired extensive experiences and exposures in the business. His entrepreneurial quality and spirit have played a vital role in transforming and ensuring the growth of the CHGP from a small existence to be the pioneer and leader of used/rebuilt commercial vehicles industry in Malaysia.

He is currently a member of Audit Committee and Nomination Committee of the Company.

Dato' Goh Boon Koon does not hold any directorships in any other public companies and listed issuers. He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILES OF DIRECTORS (CONT'D)

KHOO CHEE SIANG

Malaysian | Male |Aged 42
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Khoo Chee Siang is an Independent Non-Executive Director of the Company and was appointed to the Board on 5 May 2017. He is a Fellow Member of the Association of Chartered Certified Accountants (FCCA).

He was the Executive Director of UHY Advisory (KL) Sdn Bhd, a boutique financial and corporate advisory firm from 2008 to 2016 and subsequently joined SCH Group Berhad as Executive Director to oversee the finance and accounts department and to lead the corporate finance exercise for 2017 and 2018. He started his career in auditing with an international medium accounting firm, Morison Anuarul Azizan Chew & Co and was subsequently promoted to Senior Consultant in Corporate Finance and Advisory Department. He later joined Finmart Alliance Sdn Bhd as an Associate Director in-charge of corporate finance and business advisory services. He has significant experience in corporate finance, initial public offerings, corporate debt restructuring as well as his external auditing experience covered various sectors. Currently he is the Managing Director of ECO Asia Capital Advisory Sdn. Bhd.

He is currently the Chairman of Audit Committee, Nomination Committee and Remuneration Committee of the Company.

He is also a Non-Independent Non-Executive Director of SCH Group Berhad, Independent Non-Executive Director of Green Ocean Corporation Berhad and Seers Berhad, the public company listed on ACE Market and Leap Market of Bursa Malaysia Securities Berhad, respectively.

Mr Khoo Chee Siang has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

HO KOK LOON

Malaysian | Male |Aged 52
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Ho Kok Loon is an Independent Non-Executive Director of the Company and was appointed to the Board on 7 January 2004. He graduated from University of Malaya in 1991 with a Bachelor of Accounting (Hons) and he obtained his Master Degree in Business Administration from the University of Portsmouth, United Kingdom in 1999. He is a Chartered Accountant registered with Malaysian Institute of Accountants and a Fellow of the Chartered Tax Institute of Malaysia.

Upon graduation, he joined Price Waterhouse before joining Southern Steel Berhad as Section Head of Internal Audit in year 1995. He became the Section Head of Business Development in 1996 and later the Finance and Administration Manager in 1997. In 1999, he joined Southern Rubber Works Sdn Bhd as Senior Manager, Corporate Finance & Business Development and was its Director and Group Chief Executive Officer since 2014. Currently he also holds directorship in other private limited companies.

He is currently a member of Audit Committee, Nomination Committee and Remuneration Committee of the Company.

Mr Ho Kok Loon does not hold any directorships in any other public companies and listed issuers. He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILES OF DIRECTORS (CONT'D)

SHELLY CHIAU YEE WERN
Malaysian | Female |Aged 29
ALTERNATE DIRECTOR TO DATUK SERI CHIAU BENG TEIK

Ms Shelly Chiau Yee Wern was appointed as the Alternate Director to Datuk Seri Chiau Beng Teik on 2 July 2018. She graduated with a Bachelor's Degree, Business Administration in Entrepreneurship from Les Roches International School of Hotel Management Bluche, Switzerland in December 2013.

She started working at Alora Hotel in Penang and Grand Alora Hotel in Alor Setar, Kedah as Hotel General Manager in January 2014. In January 2016, she joined Aera Property Group Sdn Bhd as Sales & Marketing Manager. She is responsible for strategy planning in marketing and sales for a development project name Aera Residence in Petaling Jaya. She resigned from Aera Property Group Sdn Bhd in May 2018. In June 2018, she was appointed as the Chief Operating Officer at BKG Development Sdn Bhd, a wholly-owned subsidiary of CHGP.

She is also the Alternate Director to Datuk Seri Chiau Beng Teik of Chin Hin Group Berhad and Green Ocean Corporation Berhad, both are public company listed on the Main Market and ACE Market of Bursa Malaysia Securities Berhad respectively.

Ms Shelly Chiau Yee Wern is the daughter of Datuk Seri Chiau Beng Teik, the Non-Independent Non-Executive Chairman and a major shareholder of the Company and sister of Mr Chiau Haw Choon, the Executive Director of the Company. She has no conflict of interest with the Company. She has no conviction for any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILES OF **KEY SENIOR MANAGEMENT**

CHIAU HAW CHOON
Malaysian | Male |Aged 35
EXECUTIVE DIRECTOR

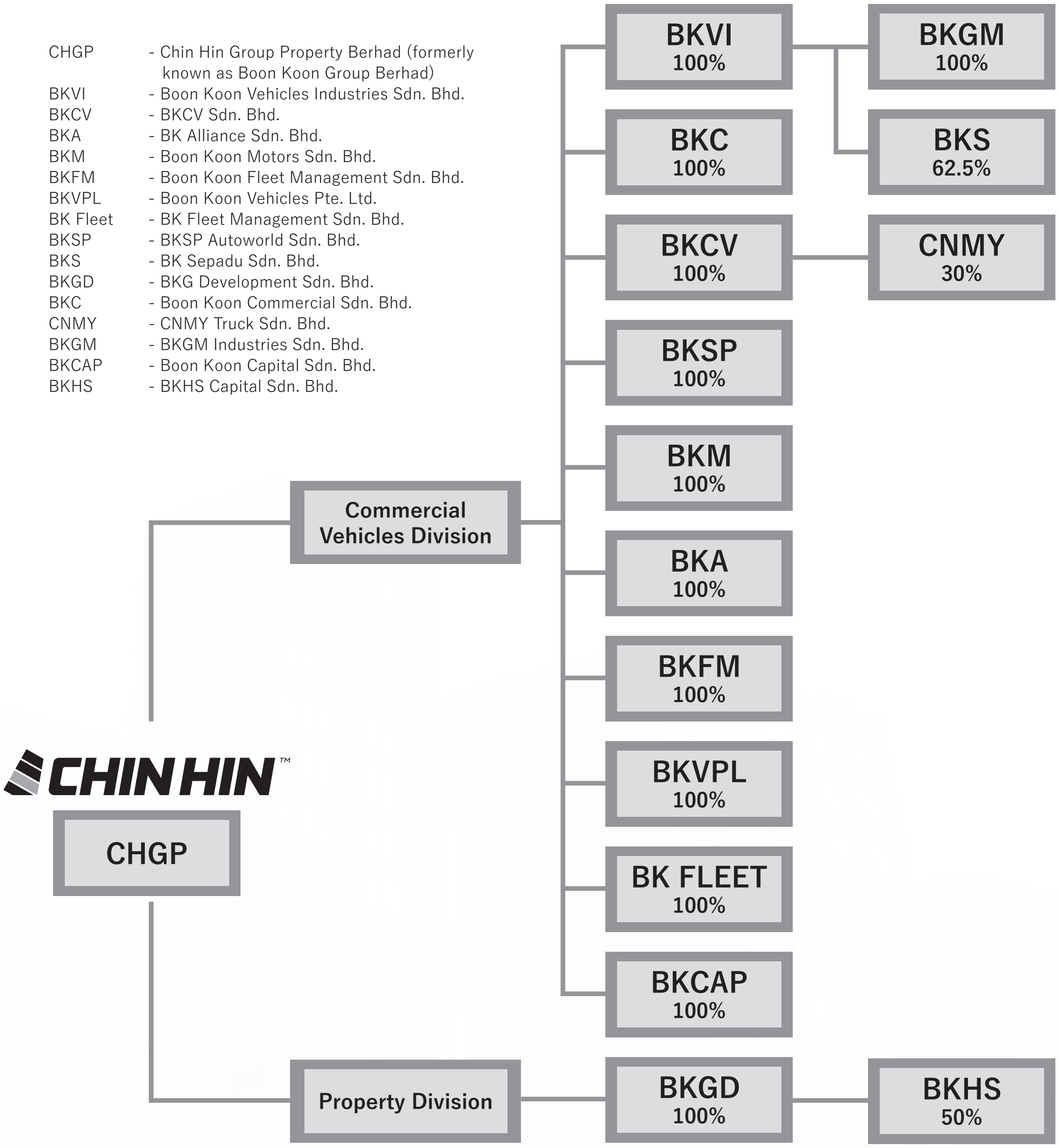
Please refer to his profile appearing in page 3 of this Annual Report.

DATUK YEO CHUN SING
Malaysian | Male |Aged 52
EXECUTIVE DIRECTOR

Please refer to his profile appearing in page 4 of this Annual Report.

CORPORATE **STRUCTURE**

CHGP	- Chin Hin Group Property Berhad (formerly known as Boon Koon Group Berhad)
BKVI	- Boon Koon Vehicles Industries Sdn. Bhd.
BKCV	- BKCV Sdn. Bhd.
BKA	- BK Alliance Sdn. Bhd.
BKM	- Boon Koon Motors Sdn. Bhd.
BKFM	- Boon Koon Fleet Management Sdn. Bhd.
BKVPL	- Boon Koon Vehicles Pte. Ltd.
BK Fleet	- BK Fleet Management Sdn. Bhd.
BKSP	- BKSP Autoworld Sdn. Bhd.
BKS	- BK Sepadu Sdn. Bhd.
BKGD	- BKG Development Sdn. Bhd.
BKC	- Boon Koon Commercial Sdn. Bhd.
CNMY	- CNMY Truck Sdn. Bhd.
BKGM	- BKGM Industries Sdn. Bhd.
BKCAP	- Boon Koon Capital Sdn. Bhd.
BKHS	- BKHS Capital Sdn. Bhd.



MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF BUSINESS AND OPERATIONS

Chin Hin Group Property Berhad (formerly known as Boon Koon Group Berhad) ("the Group") is an investment holding company with diversified portfolio in:

- Assembling and sales of new commercial vehicles;
- Rebuilding commercial vehicles and bodyworks for sale;
- Provision of commercial vehicles for rental and fleet management services; and
- Property development via its subsidiaries.

which presents the optimal balance between current return on investment and future growth.

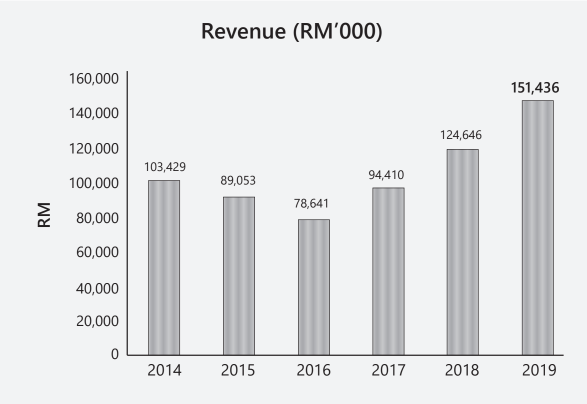
Our Group's financial performance during the financial year ("FY") ended 31 March 2019 continued to deliver a commendable result, growing from strength to strength whilst embracing new challenges as we expand our expertise. Being community-focused, growth and value-oriented in the business of assembling and sale of new commercial vehicles and also the rebuilding of commercial vehicles for sale, we place reliability at the core of our operations and will continue to ensure better value creation for our stakeholders, focusing especially on our existing customers base where demand for new and rebuilt commercial vehicles remains strong. Whilst, our property segment has started off with our first development project which was jointly developed by BKG Development Sdn. Bhd. ("BKGD") and Platinum Eminent Sdn. Bhd. ("Platinum Eminent").

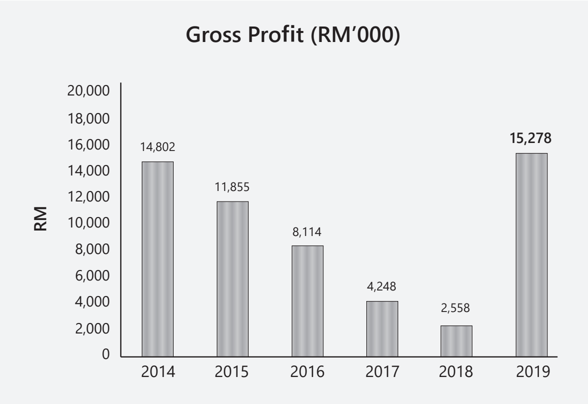
The Group's objective is to become one of the top market leaders and the preferred brand in the new as well as rebuilt commercial vehicles sector. Through a relentless commitment to innovation and continuously seeking improvements in quality, service and productivity, we strive to provide our customers with excellent products and services, at competitive price.

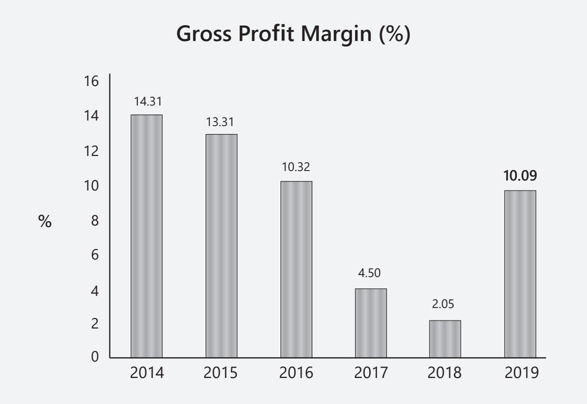
GROUP FINANCIAL REVIEW

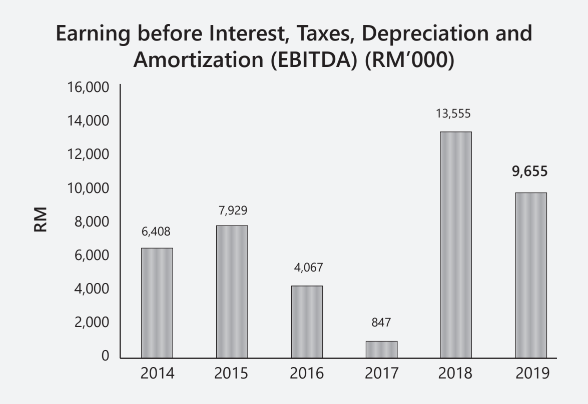
Financial Indicators	FY 2019	FY 2018	Difference
Revenue (RM'000)	151,436	124,646	21.49%
Gross Profit (RM'000)	15,278	2,558	497.27%
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) (RM'000)	9,655	13,555	(28.78%)
Profit Before Tax (RM'000)	6,401	9,190	30.35%
Profit After Tax (RM'000)	3,387	9,006	62.40%
Current ratio (times)	1.39	1.57	(0.18 times)
Gearing ratio (times)	0.27	0.21	0.06 times
Gross Profit Margin (%)	10.09%	2.05%	8.04%
Net Profit Margin (%)	2.24%	7.23%	(4.99%)

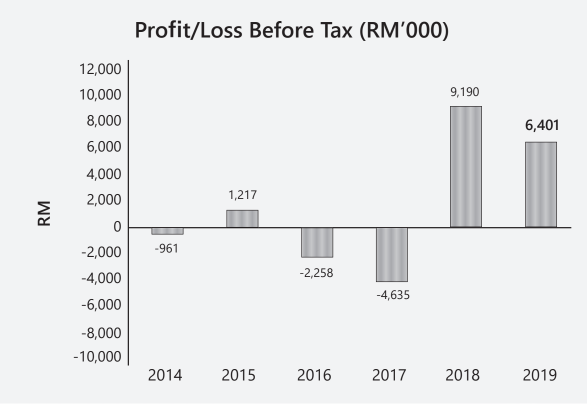
MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

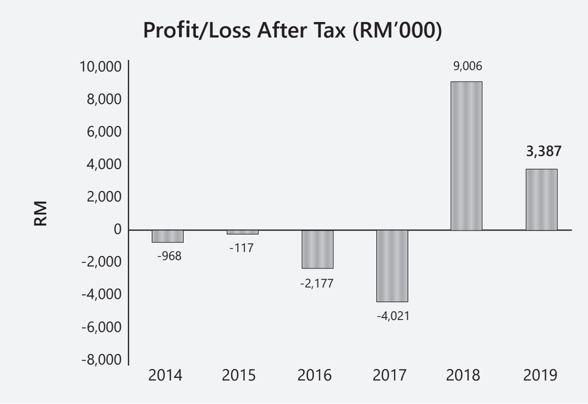












MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Revenue and Gross Profit

The Group's revenue for FY 2019 had increased by 21.49% to RM151.44 million compared to RM124.65 million in the previous financial year. The overall gross profit had increased by closed to six-folds to RM15.28 million from RM2.56 million in the FY 2018.

The increase in revenue was particularly attributed to the increased in sales generated from the new and rebuilt commercial vehicles and bodyworks segment, as well as the property development segment.

Gross Margin

Gross margin had increased to 10.09% in FY 2019 (FY 2018: 2.05%). The improvement in the Group's gross margin was mainly attributed to the higher gross margin contributed by the development project jointly developed with Platinum Eminent. Comparatively, the lower gross margin recorded in the previous financial year was mainly due to the inventories being written down by RM11.37 million in FY 2018.

Profit before Tax

Profit before tax was recorded at RM6.40 million in FY 2019 as compared to RM9.19 million in FY 2018. The significant decreased in profit before tax was mainly due to net impact arose from one-off capital gain of RM15.05 million and the write down of inventories to the net realisable value of RM11.37 million in FY 2018.

Current Ratio

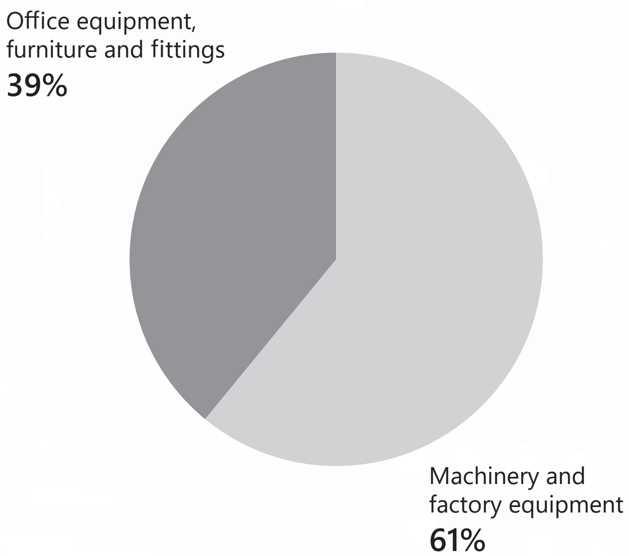
Current Ratio had decreased by 0.18 times as compared to the previous financial year mainly due to the increase in trade payables to Platinum Eminent for the development project "Aera Service Residence" and increase in the utilisation of bankers' acceptance for the purchase of commercial vehicles and working capital purposes.

Gearing Ratio

Gearing ratio of the Group had increased from 0.21 times to 0.27 times due to increase in the utilisation of the bankers' acceptance during the financial year, as mentioned above.

Capital Expenditure (CAPEX)

Capital Expenditure	FY 2019 (RM'000)
Machinery and factory equipment	52
Office equipment, furniture and fittings	33
Total	85



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Capital Expenditure (CAPEX) (Cont'd)

In FY 2019, our capital expenditure were incurred on the purchase of:

- machinery and factory equipment; and
- office equipment, furniture and fittings.

Of this, 61% was spent on machinery and factory equipment, whereas, the rest was spent on office equipment, furniture and fittings.

The details of the capital expenditure spent were as follows:-

1. Machinery and factory equipment – The bulk of the expenditures were spent on the purchase of new machinery/equipment for commercial vehicles segment for the compliances with the rules & regulations of Government Authorities.

2. Office equipment, furniture and fittings – The bulk of the expenditures were spent on the purchase of the software system, laptop and water filter etc. for setting up the BKGD's office.

Statement of Cash Flows

	2019 (RM'000)	2018 (RM'000)	Change (%)
Net cash outflows from operating activities	(5,738)	(18,585)	69.13
Net cash inflows for investing activities	147	21,987	-99.33
Net cash inflows/(outflows) for financing activities	7,520	(813)	>100
Net increase in cash balance	1,929	2,589	-25.49
Effect of changes in foreign exchange rates	3	(151)	>100
Cash balance at beginning of the year	8,573	6,135	39.74
Cash balance at end of year	10,505	8,573	22.54

The Group's net cash outflows from operating activities for the FY 2019 had improved by 69.13% to RM5.74 million comparing to FY 2018, largely attributable to the decrease in inventories and increase in trade payables during the financial year.

Cash inflows from investing activities recorded a net inflow of RM0.15 million for the FY 2019 mainly attributed to the disposal of fixed assets.

The net cash inflows for financing activities of RM7.52 million had increased to more than 100% as compared to FY 2018, mainly due to the drawdown of bankers' acceptance in FY 2019.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Statements of Financial Position

	2019 RM('000)	2018 RM('000)
ASSETS		
Non-current assets	77,514	77,927
Current assets	155,260	117,078
Total Assets	232,774	195,005
EQUITY AND LIABILITIES		
EQUITY		
Share capital	62,449	62,449
Treasury shares	(255)	-
Reserves	23,889	21,070
Retained earnings	29,829	30,012
Equity attributable to owners of the Company	115,912	113,531
Non-controlling interests	385	407
Total Equity	116,297	113,938
LIABILITIES		
Non-current liabilities	4,931	6,478
Current liabilities	111,546	74,589
Total liabilities	116,477	81,067
Total Equity and Liabilities	232,774	195,005
Net assets per share attributable to ordinary owner of the Company (RM)	0.39	0.38

Total Assets

As at 31 March 2019, total assets of the Group had increased by RM37.76 million to RM232.77 million. The increase was mainly attributed to the capitalisation of the property development cost incurred for the development project jointly developed with Platinum Eminent and the increase in the trade receivables of RM26.97 million due to the considerable improvement in revenue as well as the increase in the repo placement (short-term funds) with licensed financial institutions of RM7.62 million. This increase was partially set-off with the decrease in inventories of RM8.88 million.

Total Liabilities

On the other hand, total liabilities as at 31 March 2019 had increased by RM35.41 million to RM116.48 million. The increase was mainly due to the increased in trade payables, billing accrued for the development project jointly developed with Platinum Eminent and the increase in the utilisation of the bankers' acceptance.

Net Assets

The net assets per share had increased by RM0.01 or 2.63% as at 31 March 2019 when compared to 31 March 2018 mainly attributable to the increase in revaluation reserve.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

REVIEW OF OPERATING ACTIVITIES

During the reporting period, the Group's core business, namely assembly and sales of new and rebuilt commercial vehicles, faced a challenging situation whereby the Malaysian Ringgit had weakened against other major currencies across the region. With higher cost on raw materials or components, this had brought down our profit margin correspondingly. Notwithstanding the above, with the Group's proactive management on foreign currencies, it has minimised the exposure on foreign exchange fluctuation.

Our Sales and Marketing team has demonstrated an excellent performance by increasing sales in this challenging market condition in order to minimise the loss on the bottom line. Henceforth, the Group has in the years past, proved its resilience as despite varying market conditions, it had remained profitable for FY 2019.

In view of the current challenging market and the risk of over-dependence on a single business segment, the Group has ventured into the property market, as per announcement made to Bursa Malaysia Securities Berhad, to mitigate our operational risk and to increase its shareholder value.

COMMERCIAL VEHICLES AND BODYWORKS

Amidst the tough and challenging environment, the Group managed to increase its revenue for commercial vehicles and bodyworks for FY 2019 by 6.94% to RM107.43 million as compared to RM100.46 million recorded in FY 2018. Profit before taxation was recorded at RM1.64 million, an increase of RM9.62 million as compared to loss before taxation of RM7.98 million in the previous financial year. The profit before taxation was mainly attributable to the higher gross profit margin, lower unrealised loss on foreign exchange and no inventories written down during the financial year.

RENTAL AND FLEET MANAGEMENT SERVICES

For the segment of Rental and Fleet Management Services, revenue was recorded at RM4.10 million for FY 2019, a decrease of RM1.23 million as compared to RM5.33 million in the previous financial year. The lower revenue was mainly due to weaker market demand in FY 2019. Hence, it also resulted in a loss before taxation of RM0.11 million, a decrease of RM0.73 million as compared to the profit before tax RM0.62 million in the previous financial year.

PROPERTY DEVELOPMENT SEGMENT

For property development segment, revenue was recorded at RM39.89 million and profit before taxation was RM4.65 million for FY 2019, being attributed to the development project jointly developed with Platinum Eminent. The stage of completion of the said project was 31.29% as at 31 March 2019.

OTHER SEGMENT

Revenue contributed by other segment during the FY 2019 was RM0.71 million, a decrease of RM0.22 million as compared to RM0.93 million in the previous financial year. Whilst, the loss before taxation was recorded at RM1.75 million, a decrease of RM17.97 million as compared to profit before taxation of RM16.22 million in the previous financial year. The higher profit before taxation recorded in FY 2018 was largely due the disposal of investment during the previous financial year.

BUSINESS STRATEGY

Internally, we continued pursuing improvements across the Group through revamping internal processes to deliver enhanced quality and productivity as well as to reduce operating costs and carrying out a robust inventory management. We are also building a close relationship with our exclusive dealers to identify components that are marketable in Malaysia so that we are able to source it at a lower cost.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

ANTICIPATED OR KNOWN RISK

We highlight below the key anticipated or known risks that our Group is exposed to that may have a material effect on our operations, performance, financial condition and liquidity. Our plans and strategies to mitigate these risks are disclosed below:

(i) Business risks

Our Group is principally involved in the assembling and sales of new and rebuilt commercial vehicles, hence, we are subject to the risks inherent to the assembling and rebuilding industries. These include, amongst others, rising costs of labour and raw materials, availability of skilled personnel, changes in laws and regulations applicable to our business, business and credit conditions as well as fluctuations in foreign currency exchange rates. There can be no assurance that any material changes to these factors will not have a material adverse effect on the business operations of our Group.

Nevertheless, our Group has been taking effective measures to mitigate the aforementioned risks such as prudent financial management and efficient operating procedures. Further, we constantly keep abreast of economic and regulatory changes relating to our business.

(ii) Operational risks

Due to the nature of our Group's operations, interruptions in our Group's operating capabilities through disruption in electricity supply and failure or damage of production machineries or other disruptions to our manufacturing processes may have an adverse effect to our Group's business and financial performance.

To avoid major breakdowns and disruptions to our operations, electricity supply and relevant equipment are constantly monitored and our production machinery undergoes scheduled maintenance.

(iii) Foreign currency exchange risks

We purchase new/used commercial vehicles from overseas suppliers/sellers. As such, we are exposed to foreign currency exchange risks on purchases. There is no assurance that any foreign currency exchange rate fluctuation will not have an adverse impact on our earnings.

Although we do not actively hedge our Group's foreign currency exposure, we will continue to assess the need to utilise financial instruments to hedge our currency exposure, taking into consideration factors such as exchange rate fluctuations in foreign currency, exposure period and transaction costs. For FY 2019, our Group has not encountered any significant foreign currency exchange fluctuation that has resulted in material adverse impact on our Group's financials.

FORWARD-LOOKING STATEMENT

The Malaysian economy is expected to face another tumultuous year in 2019 as it is being challenged by on-going domestic adjustments and rising external headwinds, particularly lingering uncertainties about the state of the US-China trade disputes and further tightening of the US interest rates. Plus, public consumption and investment could soften in view of austerity measures introduced by the new ruling government in order to curtail elevated national debt.

1. Commercial Vehicles and Bodyworks Segment

After two years of consecutive contraction, the local automotive market had rebounded in 2018 with a 3.8% increase in annual total industry volume ("TIV") when comparing to 2017. The TIV for commercial vehicles registered a 5.7% increase as compared to 2017 *(Source: Malaysian Automotive Association ("MAA") Market Review for 2018 and Outlook for 2019 Report)*. The upsurge in demand for commercial vehicles was due to GST tax holiday for three months from June to August 2018.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

1. Commercial Vehicles and Bodyworks Segment (Cont'd)

The Malaysian economy is expected to have a moderate growth in 2019 with a forecasted growth ranging between 4.3% and 4.8% as compare to 4.7% registered in 2018. The Group anticipates that the commercial vehicles market to remain challenging due to the uncertainties of the local and global economy. The Group expects the current weakening Malaysian Ringgit against USD and other major currencies, coupled with the stringent lending guideline from financial institutions may have an adverse impact to the Group' automotive business. The operating costs continue to face pressure from higher external cost driver such as minimum wage policy and higher utilities costs. This will put pressure on the profit margin. However, with the recent announcement by the Government on the revival of certain mega infrastructure projects that have been put on hold previously, the Group foresees there will be a positive sentiment to the Group's revenue and profits margins. Nonetheless, the Group will continue to explore for more options available and continue implementing cost control measures to ensure the sustainability of the automotive business and financial performance.

The Group expects the commercial vehicles segment to perform well in the forthcoming financial year, with the commencement of sales of its own new 18-seater minivan with the model name "Cergas". The Group foresees a better sales contribution for this minivan for FY 2020. This will give a better result and contribution to the Group.

2. Property Development Segment

As for the property segment, the development project namely "Aera Service Residence" jointly developed by our wholly-owned subsidiary, BKGD and Platinum Eminent had contributed positively to the Group. The stage of completion of the project was 31.29% as at 31 March 2019. The Group anticipates the current joint development project may contribute a positive result for FY 2020 as the project had achieved an approximately 90% take-up rate for its service residences.

Although there is a general softening in the property market in Malaysia, the Group has decided to add another property development project to its portfolio in line with the Group's business diversification strategy. The Group believes that the property market is cyclical in nature and the Group intends to further build up its property development experience and resources in anticipation of the growth in the property development industry when the property market turns positive.

BKGD and Stellar 8 Sdn Bhd (formerly known as Midas Prosperity Sdn Bhd) ("Stellar 8") had on 24 May 2019 entered into the following conditional agreements:-

a) Subscription agreement for the proposed subscription of RM35,000,000 new redeemable preference shares in Stellar 8 ("Proposed Subscription").
b) Joint venture agreement for the implementation and completion of a mixed and integrated residential and commercial development project known as 8th & Stellar ("Development Project") ("Proposed Joint Development").

Stellar 8 has obtained the approved project development order issued by Dewan Bandaraya Kuala Lumpur on 27 April 2018 and the Advertising Permit and Developer's License issued by the Controller of Housing on 17 January 2019. Stellar 8 has also obtained all the necessary approvals for the development of the Development Project and/or any matters arising out of the terms of the Development Project.

Under the Proposed Joint Development, Stellar 8 shall implement and complete the Development Project in its capacity as the developer for the Development Project and BKGD shall facilitate the implementation, planning and management of the Development Project. Together with the Proposed Joint Development, BKGD will undertake the Proposed Subscription and in return, BKGD shall be effectively entitled to share 47% of the profit/loss before tax of Stellar 8, subject to a minimum entitlement of RM34,751,117 guaranteed by Stellar 8 under the Joint Venture Agreement. BKGD is not required to finance nor contribute to the Gross Development Cost ("GDC") of the Development Project. The estimated GDC of the Development Project is RM382.4 million and shall be borne fully by Stellar 8.

The Proposed Joint Development is expected to generate an internal rate of return of at least 13.1% per annum to the Group.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Project name :	8th & Stellar
Developer :	Stellar 8
Development details :	The Development Project shall comprise the following: a) 1 block of 22 storeys with a total of 138 units service apartments, 10 storeys of corporate office space and 1 storey of penthouse; b) 1 block of 36 storeys with a total of 522 units service apartments; and c) A podium block with 7 units of retail lots, basement car park and 9 storeys car park
Sizes of Parcel :	a) Corporate office – 119,555 sq ft per unit b) Penthouse - 25,069 sq ft per unit c) Retail lot – between 603 sq ft to 3,263 sq ft per unit d) Service apartment – between 771 sq ft to 1,249 sq ft per unit
Gross built-up area :	766,702 sq ft
Net floor area :	613,575 sq ft
Facilities :	Family recreation deck with facilities such as swimming pool, wading pool, reflexology path cum linear garden, meditation zone, jogging track, interactive playground and half basketball court. Stellar lounge area with facilities such as gymnasium, games room, event patio, snack bar, badminton court, multipurpose space, jacuzzi, infinity swimming pool and barbeque zone.
Surroundings :	The Development Land is situated in Sri Petaling, Kuala Lumpur. Access to Kuala Lumpur city centre is easily available from Kuala Lumpur Seremban Highway. It is also conveniently connected to Sungai Besi Highway and KESAS Highway. Also located nearby is Bandar Tasik Selatan and Terminal Bersepadu Selatan, which is a transportation terminal connecting the East, North and South-bound bus networks, Kuala Lumpur International Airport transit, KTM Komuter and RapidKL LRT rail networks. Properties in the immediate vicinity comprise predominantly residential and commercial properties.
GDV :	RM480.6 million, based on the assumption that the 10 storeys corporate office space, 1 storey penthouse, 7 units retail lots and 660 units service apartments are fully sold at the average selling price of approximately RM783.35 per sq ft. The breakdown of the GDV is as follows: Details — RM'000 Corporate office space — 60,000 Penthouse — 8,016 Retail lots — 7,198 Service apartments — 405,429 480,643

GDC :	RM382.4 million, arrived based on estimates provided by the quantity surveyor, and comprises following: Details — RM'000 Land costs and related expenses — 41,333 Building works, earthworks and infrastructure — 290,200 Professional, authorities, consultation fees and sales and marketing expenses — 50,844 Total — 382,377
Percentage of completion:	12.8% (as of 1 July 2019) Stellar 8 has begun construction and development of the Development Project with the commencement of piling and foundation works since April 2018.
Number of parcels sold :	SPAs representing an aggregate 28.9% of the GDV has been signed with end-purchasers of the Parcels (as of 1 July 2019).
Commencement date of construction :	April 2018
Expected date of completion :	February 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Chin Hin Group Property Berhad (formerly known as Boon Koon Group Berhad)("CHGP" or "the Company") recognise the importance of maintaining good corporate governance best practices and continues to be committed to ensuring that a high standard of corporate governance is practiced throughout the Company and its subsidiaries ("the Group") as a fundamental part in discharging its responsibilities to protect and enhance long-term shareholder value while safeguarding the interests of all stakeholders.

Set out below in this Annual Report is an overview statement, made pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), on the Group's corporate governance practices in accordance with the principles and recommendations set out in the Malaysian Code on Corporate Governance ("MCCG") for the financial year ended 31 March 2019.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Group is headed by a Board collectively responsible for meeting the Group's long-term goals and objectives. To ensure these are achieved, the Board establishes the strategic directions and targets for the management and monitors the achievement of those goals and targets.

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group's affairs. Hence, to develop corporate objectives and position descriptions, including the limits to management's responsibilities, which the management is aware and are responsible for meeting.

The Board understands the principal risks of all aspects of the business that the Group is engaged in, recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage those risks, with a view to the long-term viability of the Group.

The roles and responsibilities of the Board are clearly defined in the Board Charter, which is available on the Company's website at www.chgp.my.

The principal roles and responsibilities assumed by the Board are as follows:

i) Review and Adopt Strategic Plans of the Group

The Board plays an active role in the development of the Group's overall corporate strategies, marketing plans and financial plans. The Board will be briefed by the Executive Directors with the short and long-term strategies of the Group together with its proposed business plans for the forthcoming year. The Board also monitors budgetary exercise which support the Group's business plans and budget plans.

ii) Implementation of Internal Compliance Controls and Justifies Measures to Address Principal Risks

The Board is fully aware of the responsibilities to maintain a proper internal control system. The Board's responsibilities for the Group's system of risk management and internal controls, includes the financial condition of the business, operational and regulatory compliance.

iii) To formulate and Have in Place an Appropriate Succession Plan

The Board is responsible for formulating and having in place an appropriate succession plan encompassing the appointment, training, and determination of compensation for senior management of the Group, as well as assessing the performance of Directors and Committee members and, where appropriate, retiring and appointing new members of the Board and Executive Directors.

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

Board Responsibilities (Cont'd)

iv) Developing and Implementing an Investor Relations Program or Shareholder Communications Policy for the Group

The Board recognises that shareholder and other stakeholder are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, the Company's website is the primary medium in providing information to all shareholders and stakeholders.

The roles and responsibilities of the Independent Non-Executive Directors and Executive Directors are clearly defined and adequately segregated. All the Independent Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgment. This offers a strong check and balance on the Board's deliberations.

The Executive Directors are responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the management of the Group in managing the business activities of the Group in a manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

The Executive Directors holds the principal obligations in guiding, regulating, managing and controlling as well as communicating the Company's goals and objectives, all significant corporate matters, corporate restructuring plans, business extension plans and proposals. The Executive Directors, assisted by the management, are also responsible for proposing, developing and implementing applicable and relevant new policies and procedures.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

In discharging its fiduciary duties, the Board has delegated specific tasks to three (3) committees as stated below :

i) Audit Committee;
ii) Nomination Committee; and
iii) Remuneration Committee.

All the Board Committees have its own terms of reference and have the authority to act on behalf of the Board within the authority, as laid out in terms of reference, and report to the Board with the necessary recommendations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Independent Chairman

During the financial year under review, the Board is chaired by a Non-Independent Non-Executive Director and one third (1/3) of the Board consists of Independent Non-Executive Directors.

The Board is mindful of the MCCG's recommendation that the Board of a public listed company should be composed of a majority of independent directors, where the chairman of the Board is not an independent director. Notwithstanding this, the Chairman being a Non-Independent Non-Executive Director, is not involved in the day-to-day management of the Group's business. In addition, all the Independent Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. Therefore, the Board is of the opinion that this offers a strong check and balance on the Board's deliberations and the element of independence which currently exists is adequate to provide assurance that there is a balance of power and authority of the Board.

Separation of Positions of the Chairman and Executive Directors

During the financial year under review, the Company has complied with the recommendation of the MCCG where the positions of the Chairman and the Executive Directors are held by different individuals, and that the Chairman is a non-executive member of the Board.

The Group has a clear distinction and separation of roles between the Chairman and the Executive Directors, with clear division of responsibilities in order to ensure a clear balance of power between the Chairman and the Executive Directors.

The Chairman is primarily responsible for the governance and management of the Board, and also serves as the communication point between the Board and the management. The key responsibilities of the Chairman are as follows :

i) Oversees and lead the Board to ensure effective performance of the Board;
ii) Facilitating the effective contribution of all Directors at Board meetings;
iii) Ensuring all strategic and critical issues are considered by the Board, and the directors receive the relevant information on a timely basis; and
iv) Ensuring compliance with all relevant regulations and legislation.

The Executive Directors and his management team are responsible for implementing the strategic objectives and achieving the targets set by the Group, with clear authority delegated by the Board.

Qualified and Competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's Constitution, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the services and support rendered by the Company Secretaries in the discharge of their functions.

The Company Secretaries attend all Board and all Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

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

Information and Support for Directors

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agendas of the meeting together with relevant Board papers will be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers, comprising of due notice of issues to be discussed with supporting information and documentations, were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board papers and seek clarifications as and when needed or further explanation from management and Company Secretaries. The deliberations of the Board, in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities, are recorded in the minutes of meetings by the Company Secretaries.

The Board has access to all information within the Company to enable them to discharge their duties and responsibilities and is supplied on a timely basis with information and reports on financial, regulatory and audit matters, by way of Board papers, for informed decision making.

In addition, all Directors have direct access to the advice and services of the Company Secretaries who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. The senior management team from different business units will also be invited to participate in the Board meetings to enable the Board members to have equal access to the latest updates and developments of business operations of the Group presented by the management team. The Chairman of the respective Board Committees will brief the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

When necessary, Directors may, whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense, to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board and depending on the quantum of the fees involved.

Board Charter

As part of the governance process, the Board has adopted a Board Charter which serves as a source of reference for the Directors. The Board Charter establishes the respective roles and responsibilities of the Board, Board Committees and individual directors, providing among others guidance and clarity on the Board's roles and responsibilities as well as outlining the issues and decisions which are reserved to be made solely by the authority of the Board.

The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. The Board Charter is available on the Company's website at www.chgp.my.

Code of Conduct and Ethics

The Group has an established Code of Conduct and Ethics ("the Code") that applies to all Directors and employees of the Group. The Code is to assist the directors and all personnel of the Group in defining the ethical standards based on trustworthiness and values as well as uphold the spirit of responsibility in line with the regulations, legislation, and guideline for administration of the Company.

A copy of the Code is available for reference at the Company's website at www.chgp.my.

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

Whistleblowing Policy

The Board has established a Whistleblowing Policy to improve the overall organisational effectiveness and uphold the Group's business ethics of honesty, integrity and transparency on 6 July 2018.

The Whistleblowing Policy is intended to provide and facilitate a mechanism for employees and other stakeholders who can report their concerns related to any suspected and/or known unethical, unlawful, fraud, corruption or other improper conduct without fear of reprisal or intimidation.

Employees and other stakeholders are encouraged to report genuine concerns of breach of legal obligation, miscarriage of justice, danger of health and safety issues to the organisation or to the environment and the cover-up of any of these in the workplaces, can be reported and email to:

Attention	: Mr Khoo Chee Siang
Designation	: Audit Committee Chairman
Email	: kcsiang@hotmail.com

A copy of the Whistleblowing policy is available at the Group's website at www.chgp.my.

Board Composition

The current Board of Directors consists of six (6) members, comprising the Non-Independent Non-Executive Chairman, two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. The Company thus complies with Paragraph 15.02 of the MMLR whereby at least two (2) or one-third (1/3) of the Board of Directors, whichever is higher, are Independent Directors. In the event of any vacancy in the Board of Directors resulting in non-compliance with the MMLR, the Board shall fill the vacancy within three (3) months from the date of that event. The profile of each Director is presented separately on pages 3 to 6 of this Annual Report.

The Group believes that a strong composition of the members of the Board would be able to strengthen the decision-making process and influence the ability of the Board to fulfil oversight responsibilities. The current Board members consists of mixtures of skills, knowledge and experience and would be able to contribute significantly to the Group by value adding and to equip the Board to respond to any challenges that may arises.

The Board is mindful of the MCCG's recommendation which stated "at least half of the board shall comprise of Independent Directors. For large Companies, the Board shall comprises a majority independent directors." Notwithstanding this, the Board is of the view that a balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties and objective. The Independent Non-Executive Directors of the Company has played a key role in providing unbiased and independent views, advices and contributing their knowledge and experience toward the formulation of policies in the decision making process. Further, all the Independent Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations.

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

Tenure of Independent Directors

The Board Charter has set the policy which limits the tenure of its Independent Directors to nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the re-designation of the said person as a Non-Independent Director. In the event the Board intends to retain such Director as Independent Director, after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) years, the Board will seek annual shareholders' approval through a two-tier voting process.

As at 31 March 2019, the tenure of the Independent Non-Executive Directors of the Company are as follows :

	1-3 Years	4-6 Years	7-9 Years	9-12 Years	≥ 12 years
Khoo Chee Siang	✓				
Ho Kok Loon					✓

The Nomination Committee and the Board have assessed the independence of Mr Ho Kok Loon, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, and is of the view that the length of service of Mr Ho Kok Loon does not affect his independent judgement as he is independent-minded and continues to provide the necessary checks, balances and act in the best interest of the Company.

Following an assessment and recommendation by the Nomination Committee, the Board recommended Mr Ho Kok Loon to continue to act as Independent Non-Executive Director, subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

The key justifications for his continuance as Independent Non-Executive Directors are as follows:

i) He fulfilled the criteria under the definition of Independent Director as stated in the MMLR, and thus, he would be able to function as check and balance, and bring an element of objectivity to the Board;

ii) His vast experience in the accounting and audit industry enabled him to provide the Board with a diverse set of experience, expertise and independent judgment;

iii) He devotes sufficient time and attention to his professional obligations for an informed and balanced decision making;

iv) He consistently challenged management in an effective and constructive manner and actively participated in board discussion; and

v) He has a good and thorough understanding of the main drivers of the business.

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

New Candidates for Board Appointment

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the Nomination Committee of the Company. As a whole, the Company maintains a very lean number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with the Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending on the circumstances and timing of the appointment. The Nomination Committee will help assess and recommend to the Board, the candidature of directors, the appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

Currently, the sources to identify suitably qualified candidates for appointment of directors are on recommendations from existing Board members, the management and/or major shareholders. However, the Board and the Nomination Committee would not hesitate to utilise independent sources to identify suitably qualified candidates, where necessary.

In assessing suitability of candidates, consideration will be given to the core competencies, time commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented, in addition to an understanding of the business, the markets and the industry in which the Group operates and the accounting, finance and legal matters.

A familiarisation programme, including visits to the Group's business and operations premises and meetings with the management will be arranged for new Directors to facilitate their understanding of the Group's business operations.

Boardroom Diversity

The Board is aware of the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. However, the Board does not adopt any formal boardroom diversity policy in the selection of new Board candidates and does not have specific policies on setting the target for female candidates in the Group. The Group basically evaluates the suitability of candidates as a new Board member or as a member of the workforce based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. Equal opportunity is given and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

Currently, save and except for Ms Shelly Chiau Yee Wern, the alternate director to Datuk Seri Chiau Beng Teik, our Board does not comprise of any female director. In line with the country's aspirational target of 30% representation of women on Boards, the Board will evaluate and match the criteria of the potential candidate as well as considering the appointment of female director onto the Board in future to bring about a more diverse perspective.

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

Time Commitment and Directorship in Other Public Listed Companies

Pursuant to the MMLR, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed the maximum number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his/her responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). Any Director is, while holding office, at liberty to accept other Board appointments in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company.

Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

During the financial year ended 31 March 2019, the Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out in the section below.

Board Meetings

There were five (5) Board of Directors' meetings held during the financial year ended 31 March 2019. Details of the attendance of the Directors at the Board of Directors' meetings are as follow:

Directors	Total Meetings Attended	Percentage of Attendance (%)
Datuk Seri Chiau Beng Teik	5/5	100%
Chiau Haw Choon	5/5	100%
Datuk Yeo Chun Sing	5/5	100%
Dato' Goh Boon Koon	5/5	100%
Khoo Chee Siang	5/5	100%
Ho Kok Loon	5/5	100%

All the Directors have complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 March 2019.

The Board meets on a quarterly basis, with among others, review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings will be convened by the Company Secretaries, after consultation with the Chairman. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

At the end of each Audit Committee and Board meetings, the Company Secretaries will ask the Board to fix a tentative date for next Board and Board Committee meetings so that each of the Directors is able to attend the planned Board and/or Board Committee meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Continuing Education Programs

All Directors appointed to the Board have undergone the Mandatory Accreditation Program ("MAP") prescribed by Bursa Securities. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend continuous education programmes / seminars / conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

Details of seminars/conferences/training programmes attended by the Board members during the financial year as listed below:

Name of Director	Date	Seminars/Conferences/Training Programmes Attended
Datuk Seri Chiau Beng Teik	28 March 2019	The Global Leadership Summit - Marketplace Special Edition 2019
Chiau Haw Choon	5-12 May 2018	YPO Russia Presidents' University Program
	13-17 June 2018	EY Entrepreneur of the Year World Conference
	5-7 October 2018	YPO Regional Forum
	17-23 November 2018	Neuro Linguistic Programming Practitioner Certification Course
	28 March 2019	The Global Leadership Summit - Marketplace Special Edition 2019
Datuk Yeo Chun Sing	28 March 2019	The Global Leadership Summit - Marketplace Special Edition 2019
Dato' Goh Boon Koon	28 March 2019	The Global Leadership Summit - Marketplace Special Edition 2019
Khoo Chee Siang	28 August 2018	Sustainability Reporting Workshop
	28 March 2019	The Global Leadership Summit - Marketplace Special Edition 2019
Ho Kok Loon	30 November 2018	2019 Budget Seminar
Shelly Chiau Yee Wern (Alternate Director to Datuk Seri Chiau Beng Teik)	25 April 2018	Township Study Tour 2018
	1 June 2018	REHDA Youth AGM & Buka Puasa Fellowship 2018
	2 July 2018	Niro Ceramic Group Study Tour
	19 July 2018	Dialogue Session between TNB W.P. Kuala Lumpur & REHDA W.P.
	27 September 2018	10th International Conference on World Class Sustainable Cities 2018
	24 October 2018	Digital Townships & Smart Cities
	28 March 2019	The Global Leadership Summit - Marketplace Special Edition 2019

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

Continuing Education Programs (Cont'd)

The Board will on a continuing basis evaluate and determine the training needs of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the Directors to discharge their duties effectively.

In addition to the above, Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and Company Secretaries during the Committee and Board Meetings.

Nomination Committee

The Board has established the Nomination Committee which comprise entirely of Non-Executive Directors with majority being Independent Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company, on an ongoing basis.

The Terms of Reference of the Nomination Committee can be viewed at the Company's website at www.chgp.my.

The present members of the Nomination Committee of the Company are:

Designation	Name	Directorship
Chairman	Khoo Chee Siang	Independent Non-Executive Director
Member	Dato' Goh Boon Koon	Non-Independent Non-Executive Director
Member	Ho Kok Loon	Independent Non-Executive Director

The summary of activities undertaken by the Nomination Committee during the financial year included the following :

i) Reviewed and recommended the appointment of Ms Shelly Chiau Yee Wern as the Alternate Directors to Datuk Seri Chiau Beng Teik.
ii) Reviewed and assessed the effectiveness of the Board, the committees of the Board and the contribution of each individual director, including Independent Non-Executive Directors.
iii) Reviewed and recommended the re-election of Directors who were retiring and seeking for re-election at Sixteenth Annual General Meeting.
iv) Reviewed and assessed the independence of its Independent Non-Executive Directors.
v) Reviewed and recommended the retention of Independent Non-Executive Directors who has served as an Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years, in compliance with the recommendation of MCCG.
vi) Reviewed the terms of office and performance of an Audit Committee.
vii) Reviewed and recommended the re-designation of Mr Chiau Haw Choon from Non-Independent Non-Executive Director to Executive Director of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Evaluation for Board, Board Committees and Individual Directors

The Nomination Committee has developed criteria to assess the effectiveness of the Board, the Board committees and individual Director. The evaluation on the Board's effectiveness is divided into four sections on the following key areas :

- Adding value
- Conformance
- Stakeholder Relationship
- Performance management

The process also assesses the competencies of each Director in the areas of integrity and ethics, governance, strategic perspective, business acumen, judgement and decision making, teamwork, communication and leadership.

The Nomination Committee also undertakes annual assessment of the independence of its independent directors based on required mix skills, criteria of independence as per requirements of MMLR.

The results of the evaluation were summarised by the Company Secretaries and discussed by the Nomination Committee which were then reported to the Board. The Board did not engage any external party to undertake an independent assessment of the Directors.

Based on the assessment conducted for the financial year ended 31 March 2019, the Board and the Nomination Committee is satisfied with the current composition of Board members and believes that it is well balanced with the right mix of high-caliber individuals with the necessary skills and qualifications, credibility and independence to discharge its duties and responsibilities effectively.

Re-Election of Directors

The procedure on the re-election of directors by rotation is set out in the Company's Constitution. Pursuant to the Company's Constitution, all Directors who are appointed by the Board during the year are subject to re-election by shareholders at the first meeting after their appointment. The Company's Constitution also provide at least one-third (1/3) of the remaining Directors are subject to re-election by rotation at each Annual General Meeting and retiring directors can offer themselves for re-election. All Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election.

Upon the recommendation of the Nomination Committee and the Board, the Directors who are standing for re-election at the forthcoming Annual General Meeting of the Company are as stated in the Notice of Annual General Meeting.

Annual Assessment of Independence

Annual assessments will be conducted by the Nomination Committee on annually basis and the criteria for assessment covers areas such as contributions to interaction, roles and responsibilities and quality of input to enhance the Board's effectiveness. The independence of Independent Directors was assessed based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgment at all times and based on the criteria set out in the MMLR.

Based on the assessment carried out for the financial year ended 31 March 2019, the Board and the Nomination Committee is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during the financial year under review, and that each of them continues to fulfil the definition of independence as set out in the MMLR.

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

Remuneration Committee

In line with the Best Practices of MCCG, the Board has established the Remuneration Committee which comprise majority of Independent Non-Executive Directors, with the responsibilities to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors.

The Terms of Reference of the Remuneration Committee can be viewed at the Company's website at www.chgp.my.

The present members of the Remuneration Committee of the Company are:

Designation	Name	Directorship
Chairman	Khoo Chee Siang	Independent Non-Executive Director
Member	Chiau Haw Choon	Executive Director
Member	Ho Kok Loon	Independent Non-Executive Director

The summary of activities undertaken by the Remuneration Committee during the financial year included the following :

i) Reviewed and recommended the payment of Directors' fees and other benefits payable to Directors for the financial year ended 31 March 2019.
ii) Reviewed and recommended the remuneration package for the Executive Director of the Company for the financial year ended 31 March 2019.

Remuneration Policy

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The Remuneration Committee's primary responsibilities are to recommend to the Board from time to time, the remuneration package and terms of employment of each Executive Director. Each Executive Director is to abstain from deliberating and voting on the decision in respect of his/her own remuneration package. The Board as a whole decides on the remuneration of the Non-Executive Directors. The individual concerned is to abstain from deliberating his/her own remuneration package. All Directors' fees and other benefits payable to the Directors must be approved by the shareholders at the Annual General Meeting.

The objectives of the Group's policy on Directors' remuneration are to attract and retain Directors of the caliber needed to manage the Group successfully. In the case of Executive Directors, the component parts of their remuneration are structured to link rewards to corporate and individual performances. For Non-Executive Directors, their level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned.

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

Directors' Remuneration

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) for the financial year ended 31 March 2019 are as follows:

i) <u>The Company</u>

Director	Fees	Salary, allowances, & bonus	Meeting Allowances	EPF & SOCSO	Benefit In kinds	Total
	RM	RM	RM	RM	RM	RM
Datuk Seri Chiau Beng Teik	–	–	–	–	–	–
Chiau Haw Choon	–	15,000	–	1,877	–	16,877
Datuk Yeo Chun Sing	36,000	–	1,000	–	–	37,000
Dato' Goh Boon Koon	–	–	1,000	–	–	1,000
Khoo Chee Siang	54,000	–	1,000	–	–	55,000
Ho Kok Loon	24,000	–	1,000	–	–	25,000
Shelly Chiau Yee Wern	–	–	–	–	–	–
Total	**114,000**	**15,000**	**4,000**	**1,877**	–	**134,887**

ii) <u>The Group</u>

Director	Fees	Salary, allowances, & bonus	Meeting Allowances	EPF & SOCSO	Benefit In kinds	Total
	RM	RM	RM	RM	RM	RM
Datuk Seri Chiau Beng Teik	–	–	–	–	–	–
Chiau Haw Choon	–	15,000	–	1,877	–	16,877
Datuk Yeo Chun Sing	36,000	–	1,000	–	–	37,000
Dato' Goh Boon Koon	–	–	1,000	–	–	1,000
Khoo Chee Siang	54,000	–	1,000	–	–	55,000
Ho Kok Loon	24,000	–	1,000	–	–	25,000
Shelly Chiau Yee Wern	–	288,420	–	37,350	–	325,770
Total	**114,000**	**303,420**	**4,000**	**39,227**	–	**460,647**

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Remuneration of Top Five (5) Senior Management

The top five (5) Senior Management of the Company (including its direct held subsidiary) are Mr Chow Siew Kheng[#1], Ms Shirley Chiau Yee Wern, Ms Kan Keat Peng, Mr Lee Keng Chen and Mr Lee Boon Lian. The aggregate remuneration of these top five (5) Senior Management received in financial year ended 31 March 2019 was RM1.18 million representing 20.38% of the total employees' remuneration of the Group.

The remuneration of the aforesaid top five (5) senior management is a combination of annual salary, benefits-in-kind and other emoluments which are determined in a similar manner as other management employee of the Company. This is based on their individual performance and the overall performance of the Company. The basis of determination has been applied consistently from previous year.

The Board is of the opinion that disclosure of remuneration of the Directors of the Board by appropriate components and bands and the top five (5) Senior Management's total combined remuneration package should meet the intended objectives of the MCCG.

#1: Mr Chow Siew Kheng has resigned and ceased as Deputy Chief Executive Officer on 31 December 2018 due to expiration of employment contract.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Independence of the Audit Committee

The Company recognised the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board, nor the Audit Committee of the Company, were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the Audit Committee was a key audit partner of the external auditors of the Group.

Financial Literacy of the Audit Committee Members

Collectively, the members of the Audit Committee have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the Audit Committee. The qualification and experience of the individual Audit Committee members are disclosed in the Profiles of Directors on pages 3 to 6 of this Annual Report. The Audit Committee members continuously keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to discharge their duties effectively.

Compliance with Applicable Financial Reporting Standards

The Board strives to provide shareholders with a balanced and meaningful evaluation of the Group's financial performance, financial position and prospects through the annual audited financial statements, interim financial reports, annual report and announcements to Bursa Securities.

The interim financial reports, annual audited financial statements and annual report of the Group for the financial year ended 31 March 2019 are prepared in accordance with the Malaysian Financial Reporting Standards, MMLR and the Companies Act, 2016. The Board is assisted by the Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting.

The statement by the Board pursuant to Paragraph 15.26(a) of the MMLR on its responsibilities in preparing the financial statements is set out on page 76 of this Annual Report.

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

Assessment of Suitability and Independence of External Auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Audit Committee and the Board's attention.

The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.

To assess or determine the suitability and independence of the External Auditors, the Audit Committee has taken into consideration, among others, the following:

i) the adequacy of the competency, experience and quality of the External Auditors;

ii) the External Auditor's resource capacity and ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;

iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services are immaterial and less than 10%, relative to the audit fee; and

iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the Annual General Meeting on the recommendation of the Audit Committee and the Board. The External Auditors are being invited to attend the Annual General Meeting of the Company to respond and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

Where necessary, the Audit Committee will meet with the External Auditors without the presence of Executive Directors and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the Audit Committee are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 March 2019.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the forthcoming Annual General Meeting on the re-appointment of Messrs. UHY as the External Auditors of the Company for the financial year ending 31 March 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Risk Management and Internal Control

The Board recognises the importance of risk management and internal controls in the overall management processes. The Group has established an internal control system and risk management framework which is adopted by the Group and its business units to ensure the effectiveness of identification, analysis, assessment, monitoring and communication of risks and internal control issues that will allow the Group to safeguard shareholders investments and assets by mitigating losses and maximising opportunities.

As an effort to enhance the system of internal control, the Board together with the assistance of external professional Internal Audit firm adopted on-going monitoring and review to the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

Whilst acknowledging their responsibility, the Board is aware that such systems and frameworks as designed to manage rather than to eliminate risks and therefore may not be able to provide an absolute assurance against material misstatement or loss.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given to the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

The Board noted that the MCCG recommends for the establishing a Risk Management Committee which comprises a majority of independent directors to oversee the Company' risk management framework and policies. The Board, nonetheless, will consider adopting the Practice 9.3 of the MCCG in future.

The Statement on Risk Management and Internal Control which provides an overview of the Group's state of internal control and risk management is set out in pages 55 to 57 in this report.

Internal Audit Activities

The Group has outsourced its internal audit function to Eco Asia Advisory Sdn Bhd ("Eco Asia Advisory"), an independent professional internal audit service provider and consultancy firm which is managed by professionally qualified and experienced staff. For each internal audit review, a team of at least three (3) internal audit personnel led by Mr Woon Soon Fai and Ms Kelly Neng will be assigned by Eco Asia Advisory to undertake the review in accordance to the internal audit plan approved by the Audit Committee. Mr Woon Soon Fai is a Fellow Member of The Association of Chartered Certified Accountants ("FACCA") and a Member of Malaysian Institute of Accountants ("MIA"). Whereas, Ms Kelly Neng is a Member of the ACCA, MIA and a honors degree holder in Business and Accounting. The internal auditors are free from any relationships which could create conflict of interest and which could impair their objectivity and independence. The internal audit function adopts an internal audit framework with processes based on the standards recommended by the International Professional Practices Framework of the Institute of Internal Auditors.

In order to act independently from the management, Eco Asia Advisory will report directly to the Audit Committee and assists the Audit Committee in monitoring and reviewing the effectiveness of the risk management, internal control and governance process within the Group.

The Audit Committee approved the internal audit review plan presented by the external consultant. The internal audit plan is derived based on a risk-based assessment of all units and operations of the Group. The internal audit reports highlight any deficiencies or findings which are discussed with the management and relevant action plans agreed and to be implemented. Significant findings are presented in the Audit Committee meetings for consideration and reporting to the Board. A follow-up audit review is also conducted to determine whether all audit recommendations are effectively implemented.

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

Internal Audit Activities (Cont'd)

Further details on the internal audit function are set out in the Statement on Risk Management and Internal Control on pages 55 to 57 of this Annual Report.

During the financial year, the internal audit function covered the areas of Human Resources Management and Inventory Management of CHGP Group.

Based on the internal audit review conducted by Eco Asia Advisory, the Board is of the view that there is no significant breakdown or weaknesses in the systems of internal controls of the Group that may result in material losses incurred by the Group for the financial year ended 31 March 2019.

The Audit Committee and the Board are satisfied with the performance of the outsourced internal audit function and agreed that the internal audit review was done in accordance with the audit plan approved by the Audit Committee and the coverage is adequate.

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

Communication with Stakeholders

Along with good corporate governance practices, the Company is committed to provide investors and the public with comprehensive, accurate and material information on a timely basis.

In line with this commitment and in order to enhance transparency and accountability, the Board has adopted an Internal Corporate Disclosure Policies and Procedures to facilitate the handling and disclosure of material information in a timely and accurate manner.

Information of the Group is also accessible through the Company's website at www.chgp.my which is updated on a regular basis. Information available in the website includes among others the Group's Annual Report, quarterly financial announcements, major and significant announcements.

While the Group endeavors to provide as much information as possible to its shareholders, the Group is mindful of the legal and regulatory frameworks governing the release of material and price sensitive information.

The Company is not categorised as a large company as defined in the MMLR. The Group's annual report for the financial year ended 31 March 2019 adopted partially the integrated reporting approach which covers the Group's strategy, performance, governance and future business prospects are connected towards achieving value creation for its shareholders.

Dialogue with Shareholders

The Board recognises the value of good investors' relation and endeavours to maintain constant and effective communication with shareholders through timely and comprehensive announcements.

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board is of the view that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

The Chairman or the Executive Directors of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought at the general meeting.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS (CONT'D)

Annual General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue with all shareholders. The participation of shareholders, both individuals and institutional, at the Company's AGM are encouraged, whilst request for briefings from the press and investment analyst are usually met as a matter of transparency.

As recommended by the MCCG, the Board has endeavored to dispatch the notice of AGM at least twenty-eight (28) days before the meeting, mindful that sufficient notice and time given would allow the shareholders to make necessary arrangements to attend and participate in the AGM. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in at least a major local newspaper. The Board will ensure that each item of special business included in the notice of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution.

The notice of AGM, together with a copy of the Company's Annual Report for the FY 2019, will be dispatched to shareholders at least twenty-one (21 days) before the meeting as required under Companies Act 2016 and Main Market Listing Requirements of Bursa Securities.

At the AGM, the Board will brief the shareholders on the progress and performance of the Group. The shareholders are given the opportunities to raise questions pertaining to the annual report, corporate developments, resolutions and businesses of the Group at the AGM

In view of the number of shareholders and the size of the Company, the participation of shareholders of the Company at the general meetings is currently by way of attending in person or by proxy. If necessary, the Group would embark on electronic voting and remote shareholder participation, if our shareholders requested for such services.

Attendance of Directors at General Meetings

The tentative dates of the AGM will be discussed and fixed by the Board in advance to ensure that each of the Directors is able to make the necessary arrangement to attend the planned AGM.

At the Sixteenth (16th) AGM of the Company held on 27 August 2018, all the Directors were present in person to engage directly with shareholders, and be accountable for their stewardship of the Company.

Poll Voting

In line with Paragraph 8.29A of the MMLR, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

Compliance Statement

Other than as disclosed and/or explained in this Annual Report, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCCG and all other applicable laws, where applicable and appropriate.

OTHER DISCLOSURE **REQUIREMENTS**

UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

As at 31 March 2019, the total proceeds of RM4.4 million raised from the first tranche of Special Issue of Shares has been fully utilised by the Company as follows:

	RM'000	Estimated timeframe for utilisation from the listing date
Proceeds raised from first tranche of Special Issue of Shares	4,400	
Participation fee pursuant to the Joint Venture Agreement dated 28 June 2017 entered with Platinum Eminent Sdn Bhd for the proposed joint development *	(3,899)	Within one (1) month
Future property development projects	–	Within twenty four (24) months
Payment of the relevant expenses incurred for Special Issue of Shares	(501)	Within one (1) month
Balance Unutilised	–	

* *To reimburse partially the internal fund used for payment of participation fee of RM10.0 million*

AUDIT AND NON-AUDIT FEE PAID TO EXTERNAL AUDITORS

The amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 March 2019 are as follows:

	Company Level RM	Group Level RM
Audit services rendered	26,000	116,025
Non-Audit services Rendered		
(a) Review of statement of risk management and internal control	5,000	5,000

MATERIAL CONTRACTS

Save as disclosed below, there were no other material contracts entered into by the Company and its subsidiaries involving interests of Directors, Chief Executive who is not a Director or major shareholders, either still subsisting as at 31 March 2019 or entered into since the end of the previous financial year :

(a) a share sale agreement dated 10 December 2018 entered into between BKG Development Sdn. Bhd. ("BKGD") with Dato' Cheah Suan Lee and Mr Goh Chin Aun (hereinafter collectively referred to as "the Vendors") for the acquisition of the remaining 50% equity interest in BKHS Capital Sdn Bhd from the Vendors for a total cash consideration of RM525,870 only. The said acquisition was completed on 3 May 2019.

CONTRACTS RELATING TO LOAN

During the financial year, there were no material contracts relating to loan entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest.

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

Recurrent Related Transactions of a Revenue and Trading Nature ("RRPT")

The Company is seeking approval from shareholders for the proposed renewal of the existing shareholders' mandate for the Group to enter into RRPT(s) of a revenue or trading nature pursuant at the forthcoming Annual General meeting to be held on 28 August 2019.

The details of RRPTs of a revenue or trading nature of the Group for the financial year ended 31 March 2019 are follows :

Related Party	CHGP Group - Transacting Party	Nature of Transaction with CHGP Group	Value of Transaction (RM'000)	Nature of relationship between CHGP Group and the Related Party
Chin Hin Group Berhad ("Chin Hin") and its subsidiary companies	CHGP Group	• Rental paid to CHGP Group for motor vehicles rented	9	• Datuk Seri Chiau Beng Teik is the Non-Independent Non-Executive Chairman and a Major Shareholder of CHGP. He is also the Deputy Group Executive Chairman and a Major Shareholder of Chin Hin. • Chiau Haw Choon is an Executive Director of CHGP. He is also the Group Managing Director and a Major Shareholder of Chin Hin.
		• Sale of motor vehicles to Chin Hin Group based on prevailing market price	120	
		• Supply by CHGP Group and/ or purchase from Chin Hin Group of materials based on prevailing market price.	9	
		• Provision of insurance and other administrative services by Chin Hin Group based on prevailing market price.	63	
		• Provision of construction services to and/or by Chin Hin Group based on prevailing market price.	NIL	
		• Leasing / renting / letting of office premises to and/or from Chin Hin Group based on market value and is payable on an equal pro-rated monthly basis.	81	

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

Recurrent Related Transactions of a Revenue and Trading Nature ("RRPT") (Cont'd)

Related Party	CHGP Group - Transacting Party	Nature of Transaction with CHGP Group	Value of Transaction (RM'000)	Nature of relationship between CHGP Group and the Related Party
Aera Property Group Sdn Bhd and its subsidiary companies	CHGP Group	• Provision of construction services to and/or by Aera Property Group based on prevailing market price.	92,433	• Datuk Seri Chiau Beng Teik is the Non-Independent Non-Executive Chairman and a Major Shareholder of CHGP. • Chiau Haw Choon is an Executive Director of CHGP. • Datuk Seri Chiau Beng Teik and Chiau Haw Choon are directors and substantial shareholders of Aera Property Group Sdn Bhd.
CHL Logistic Sdn. Bhd.	CHGP Group	• Sales of motor vehicles to CHL Logistic Sdn. Bhd. based on prevailing market price.	NIL	• Datuk Seri Chiau Beng Teik is the Non-Independent Non-Executive Chairman and a Major Shareholder of CHGP. • Chiau Haw Choon is an Executive Director of CHGP. • Chiau Haw Loon, the son of Datuk Seri Chiau Beng Teik and brother of Chiau Haw Choon, is the director and substantial shareholder of CHL Logistic Sdn. Bhd.
		• Supply by CHGP Group and/or purchase from CHL Logistic Sdn. Bhd. of materials based on prevailing market price.	349	

SUSTAINABILITY **STATEMENT**

INTRODUCTION

Our Corporate Sustainability Aims

Chin Hin Group Property Berhad (formerly known as Boon Koon Group Berhad) ("CHGP") always recognises sustainability as a pillar to support the Group's culture in striving to achieve continuing growth and success in a caring, safe and sustainable environment.

In line with Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Sustainability Report Guide, our Group's sustainability practices are to ensure economic, environmental and social considerations are embedded into our governance framework and business operations.

In this regard, we have to ensure high governance standards across our business units to promote responsible business practices, managed and reduced environmental impacts while meeting the social needs of our community.

This sustainability statement aims to demonstrate our strategic approach to address sustainability challenges and opportunities, particularly on material matters, in contributing towards the betterment of our business, environment and society.

SUSTAINABILITY STATEMENT (CONT'D)

SCOPE AND BASIS OF PREPARATION

Scope of this Statement

This Statement covers the activities of CHGP and all its subsidiaries involved in the business of assembly and sales of new and rebuilt commercial vehicles and bodyworks, provision of rental and fleet management services as well as in property development. Subsidiaries refers to all companies in which CHGP holds a majority stake or has direct management control.

Reporting Period

The reporting period is for the financial year ended 31 March 2019.

Basis of this Statement

This Statement was prepared based on available internal information and in a manner as prescribed by Bursa Malaysia, in accordance with the Main Market Listing Requirements and Sustainability Reporting Guide and Toolkits issued by Bursa Malaysia.

Assessment of Material Matters

We have conducted an assessment to identify a list of Material Matters. Please refer to our Material Matters Matrix.

Feedback

In our continuous efforts to raise our performance in sustainability standards, we welcome stakeholder's feedback on what we have done, as stipulated in this Statement, and any other issues that we should undertake. Comments and queries related to this Statement can be directed to enquiry@chgp.my

SUSTAINABILITY STATEMENT (CONT'D)

ABOUT CHIN HIN GROUP PROPERTY BERHAD

CHGP was incorporated in year 2001 under the name of Boon Koon Group Berhad. Its shares were traded in Bursa Malaysia since 2004. The Company has created a diversified business portfolio to assemble and sell new and rebuilt commercial vehicles and bodyworks, rental and fleet management services, as well as in property development via its subsidiaries.

New & Rebuilt Commercial Vehicles

Rental and Fleet Management Services

Property Development

Our Vision

To be the organisation that best understands the products it offers and satisfying the needs and desires of our customers.

Our Mission

- To develop products which are in accordance to the actual needs and requirements of the end users.
- To ensure products developed can achieved the productivity and performance required, bearing in mind the industry and regional geographical conditions of the end-users.
- To develop comprehensive commercial electric vehicles that are able to operate under tropical environment and subsequently to be an established global manufacturing hub for such products.

MANAGING SUSTAINABILITY

CHGP recognises the growing significance of incorporating sustainability practices into our business value and we are committed to provide sustainable services and products to our customers and community.

As we continue to lay emphasis on our practices that include good governance practices, safety and health practices, products quality and values that promote sustainability, we are also enhancing our transparency on disclosure of material matters that relates to Economic, Environmental and Social aspects. Meanwhile, we are also taking steps to enhance our internal capabilities to manage, communicate and report on the progress of our sustainability activities to our stakeholders.

Good governance lies in sound business ethics, viable policies and procedures across all areas of the Group. Our Group are guided by the following key Code of Conduct as well as a Whistle Blowing Policy for reporting any irregularities or misconduct.

Code of Conduct

Key Code of Conduct for Directors

- Owe duty of care to the Group
- Avoid and/or manage conflict of interest situation
- Maintain confidentiality of the Group's information and information entrusted to the Group by customers that are otherwise not readily available to the public
- Ensure fair dealing
- Ensure compliance to laws, rules, and regulations

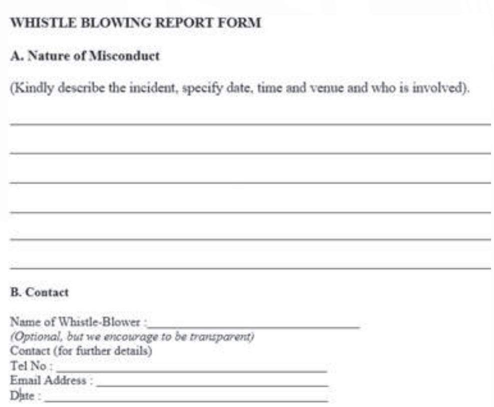
Key Code of Conduct for Employees

- Maintain professional integrity
- Prohibition of bribes and kickbacks
- Maintain confidentiality of the Group's information and information entrusted to the Group by customers that are otherwise not readily available to the public

Whistle Blowing Policy

The Group is committed to achieve and maintain the highest standard of work ethics in the conduct of business in line with the Code of Conduct and good corporate governance practices. All employees and members of the public are encouraged to report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group.

The policy has provided an avenue for all employees of the Group and members of the public to disclose any improper conduct in accordance with the procedures as provided within the policy and to provide protection for employees and members of the public who report such allegations.



WHISTLE BLOWING REPORT FORM

A. Nature of Misconduct

(Kindly describe the incident, specify date, time and venue and who is involved).

B. Contact

Name of Whistle-Blower :
(Optional, but we encourage to be transparent)
Contact (for further details)
Tel No :
Email Address :
Date :

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE STRUCTURE

Board of Directors

Ultimate accountability for CHGP's sustainability initiatives and strategies

Audit Committee

Monitor internal control systems and oversees risk management activities

Nomination Committee

Oversees matters relevant to identifying suitable new candidates to fill up seats for the Board and Senior Management

Remuneration Committee

Involved in developing and establishing competitive remuneration packages and policy for the Board and Senior Management

Our Board of Directors ("Board") plays a vital guidance and oversight role in advancing sustainability initiatives and strategies across the Group with the assistance from Senior Management to oversee the implementation of the Group's sustainability strategies and ensure key targets are being met.

Our Board take into cognisance that risk management and internal control systems are integral to our corporate governance and vital to our business sustainability. Hence, the Board has delegated the responsibility to review the adequacy and effectiveness of the Group's risk management framework and system of internal controls to the Audit Committee. Meanwhile, the Group's overall performance is also tracked with the assistance of Nomination Committee and Remuneration Committee.

The responsibility of the Board to promote and embed sustainability in our Group also include overseeing stakeholders engagement and assessment of material matters which are presented in the following pages. The stakeholders' engagement analysis and assessment of material matters surrounds the Economic, Environmental and Social aspects.

Economic

Environmental

Social

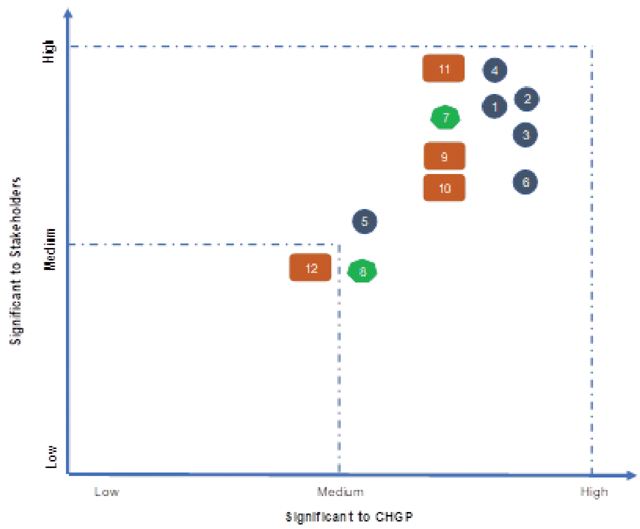
STAKEHOLDERS ENGAGEMENT

Stakeholders	Stakeholders Concerns/ Material Matters	Engagement Approach
Shareholders	• Financial and operational performance • Share price performance • Business management & corporate governance • Risks and returns	• Annual & extraordinary general meetings • Quarterly financial results and annual report • Press releases and interviews • Corporate website • Bursa announcements
Law Enforcers/ Regulators	• Adherence to laws and regulations • Health and safety • Permits and licenses • Corporate governance and compliances	• Meetings/ visits • Verification/ compliance audit • Quarterly announcements • Ad-hoc report submission as and when requested by regulators
Board of Directors	• Continuous business and operational improvements • Financial results of the Group • Identification and monitoring of business risks and corporate strategies • Interest of stakeholders and shareholders	• Quarterly and ad-hoc Board meetings • Annual general meeting • Company events
Employees	• Career development opportunities • Training and development • Talent and performance management • Succession planning • Work place health and safety • Competitive compensation and benefit packages	• Induction training • Learning and development program • Regular engagement with senior management • Performance appraisals • Company social events
Customers	• Quality assurance and reliable products and services • Customers satisfaction • Technological and operational innovation • New products development • Competitive pricing and on-time delivery	• Regular meetings • Feedback survey • Social media and corporate website • Company events • Advertisement and marketing events
Suppliers	• Business relationships and continuity • Sourcing of quality materials • Selection of suppliers and credit terms	• Face-to-face interaction • Supplier assessment • Email communications
Community	• Job creation for local communities • Impact of operations on surrounding environment • Economic support	• Community outreach program • Corporate volunteering program • Corporate website/ social media
Analyst/ Media	• Financial and operational performance • Business strategies and plans • Corporate governance	• Annual & extraordinary general meetings • Press conference and media interviews • Media release

ASSESSMENT OF MATERIAL MATTERS

Materiality assessment is crucial for us to identify and prioritise the management of material sustainability matters which are significant to our business operations and interest of our stakeholders. During the process of materiality assessment, we identified and ranked the Economic, Environmental and Social materialty matters based on their relevance to our buisness operations and influence on our stakeholders.

Based on our assessment, we have identified and ranked 12 key areas which matter the most to our Group as well as our stakeholders. The outcome of our Material Matters Matrix is as below: -



Economic

1 Market Presence

2 Financial and Business Performance

3 Products Quality and Technological Innovation

4 Customer Satisfaction

5 Supply Chain Management

6 Risk Management and Corporate Governance

Environmental

7 Effluents and Waste Management

8 Energy Management

Social

9 Employee Welfare

10 Employee training and development

11 Occupational Health and Safety

12 Local Communities

ECONOMICS

We are committed to provide high quality products and services to our customers while improving internal capabilities to meet the changing need of the business environment and to sustain our business growth.

ECONOMIC RESILIENCE

In order to be resilient in each industry which we operate, the Group has identified and assessed the risks that may impact our various business operations. The risk assessment conducted covers the business risks in which we operate and the reasons for failure of meeting the customers' expectations. A series of mitigation plans/actions have been established to cater for the occurrence of the relevant risks.

ENSURING PRODUCTS AND SERVICES QUALITY

Apart from internal products/services quality check, we also strengthen our product quality by evaluating the performance of our suppliers via annual assessment. Suppliers will need to maintain at the ranking of "pass" in order to be included in our Approved Suppliers Listing. Suppliers evaluation are pivotal to ensure goods supplied to us meet our expectations as ultimately it affects the quality of products and services supplied to our customers.

In ensuring our products and services quality, we are proud to present herewith our ISO certification: -

ISO 9001:2005 Quality Management System in Rebuilding of Commercial Vehicles and Manufacturing Bodywork

CUSTOMER SATISFACTION

Meeting our customers' expectations and needs provide a competitive edge to our business. We strive to deliver the best quality products and services to our customers. In ensuring their satisfaction towards our products and services, our team works closely with customers to understand their needs and obtain feedbacks from customers frequently. Any enquiries and complaints from customers shall be dealt with by our team members within a short period of times.

ECONOMICS (CONT'D)

MANAGING OUR BUSINESS

	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000
Revenue	94,410	124,646	151,436
(Loss)/ Profit After Tax	(4,020)	9,006	3,387

CHGP Group currently has three major operating segments that includes commercial vehicles and bodyworks, rental and fleet management services and property development.

In FYE 2019, our Group recorded a total revenue of RM151.4 million, an increase of 21.5%, against the revenue of RM124.6 million generated in FYE 2018. We achieved higher revenue in FYE 2019 mainly due to higher revenue generated from sale of new and rebuilt commercial vehicles and bodywork segment as well as property development segment. Our financial performance are discussed in details in the Management Discussion and Analysis ("MD&A") section of our Annual Report.

We understand that long-term business growth entails a balance of economic, environmental and social considerations, risks and opportunities. As such, we will continue to focus on our three core business activities, boosting our sales, improve internal resources capabilities and efficiencies while investing in relevant technological advancement, safety and health measures and contributing back to the community.

ANTI-BRIBERY AND CORRUPTION

In CHGP, our business transactions and operational practices are governed by firm controls and Code of Conduct that emphasised ethical practices, of which we are committed to. This shall strengthen the trust relationship with our stakeholders. Further to our internal policy, we adhered strictly to all laws and regulations relating to countering bribery and corruption in Malaysia.

During FYE 2019, no employees had been disciplined or dismissed, no contracts with suppliers or customers being terminated, nor have any public cases been brought against CHGP and its employees due to non-compliance with our Code of Conduct that relates to corruption or bribery and laws and regulations against acts of corruption. In this regard, there was no fines, penalties or settlements imposed or made during the year.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL

As a responsible organisation, we have a clear duty to care for our environment. We are of the view that preserving the environment and natural resources are crucial to ensuring our operations are sustainable in the long-term without sacrificing the quality of life of our various stakeholders.

EFFLUENTS AND WASTE MANAGEMENT

In CHGP, we pay serious attention to effluents and waste disposal, as any improper waste disposal may lead to contamination of our environment.

Our non-harzardous waste as well as the effluents resulting form our operations, are generated during various processes within our assembly, and rebuilt of commercial vehichles and bodyworks and maintenance services.

We engaged waste contractors who are registered with the relevant authorities and holds valid licenses for the collection and disposal of relevant categories of waste in accordance to municipal regulations/Shahabat Alam.

The Group shall continue to ensure our business activities are conducted in compliance with the applicable environmental rules and regulations and explores any feasible opportunities to minimise any adverse impact from our business activities to the environment.

POLLUTION MINIMISATION

For our property development activites, ambient dust is generated during various phases of construction such as excavation, demolition, hacking, carpentary works, vehicles movement etc. We require our contractors to monitor and control the ambient dust generated in accordance to local environmental pollution control regulations.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL

The development and wellbeing of our people are key to the sustainable growth and success of CHGP.

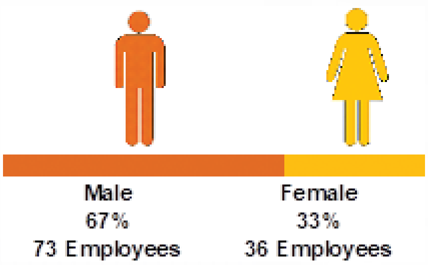
ABOUT OUR PEOPLE

Diversity and equal opportunities are advocated within our Group, as we trust that enhancing exclusiveness will enable us to achieve an equitable society.

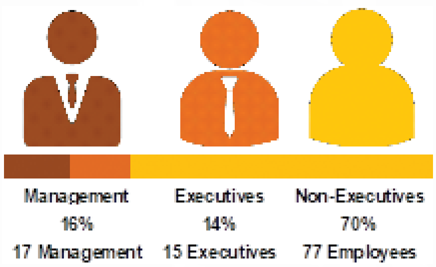
Total CHGP Group Employees (excluding sub-contractors) in Malaysia

We believe that a successful organisation should embrace employees with different backgrounds, qualifications, experiences and cultures. Our employees come in various diversity as follows: -

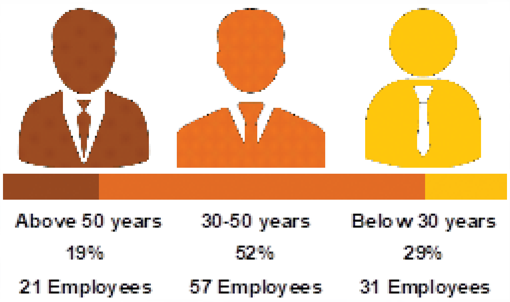
Gender



Employee Structure



Age Group



SOCIAL (CONT'D)

EMPLOYEE WELFARE

In CHGP, we pay serious respect to our employee's wellfare and human rights.

We are pleased to report that there has been no record of violations against our people's rights at any time during the Group's history.

Our Group adopts the following principals to ensure all employees are accorded the respect and dignity that they deserve.

- ✓ Ensure fair recruitment procedures, based on the merit and guided by respect, integrity, diversity and accountability.
- ✓ Ensure employee's wages and compensation comply with all applicable laws and paid on timely basis.
- ✓ Provide safe and healthy working environment.
- ✓ Respect freedom of association and rights of employees and employers to bargain collectively.
- ✗ Strictly prohibit discrimination, physical abuse, harassment and threat within working environment.
- ✗ Child labour and under-age workers are forbidden.
- ✗ Do not use forced, prison, indentured, bonded or involuntary labour.

SOCIAL (CONT'D)

EMPLOYEE LEARNING AND TALENT MANAGEMENT

Investments in our people development initiatives are fundamentally important to maintain innovative and highly motivated working environment.

Our talented employees provide us with a strong pillar of strength and driver for continuous business growth. In order to keep up with the ever-changing business environment, we take into cognisance that employees training and development are essential to upskill and remain up-to-date for our employees within the industry.

Within the FYE 2019, the Group has spent approximately RM24,000 for employee development and training initiatives. A summary of our training and development initiatives attended by our employees are as follows: -

Date	External Training Description
2 August 2018	Income Tax on Property Development Activities – Understanding the Rules and Managing Practical Issues
8 August 2018	SST 2018: Practical & Effective Implementation of Sales and Services Tax
9 & 10 August 2018	MFRS 9 Financial Instruments (for Non-Financial Institutions) Made Simple
15 August 2018	Sales Tax 2018
28 & 29 August 2018	MFRS 15 Revenue from Contracts with Customers Made Simple
5 September 2018	GST to SST 2018 Transitional
5 October 2018	The Companies Act 2016 & CSP Practical Issues Part 4
11 October 2018	Latest Developments on MFRS 15 & MFRS 16
15 November 2018	Seminar Percukaian Kebangsaan 2018
1 December 2018	Team Building - Unveil Your Power
14 January 2019	Boss.Net (HCMS) EA & BIK Seminar 2018
29 January 2019	Licensed Manufacturing Warehouse

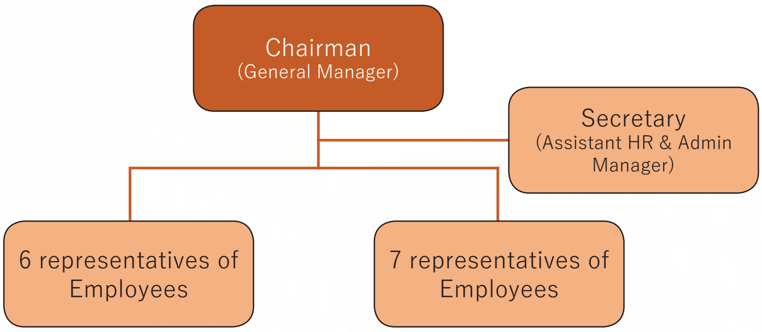
SOCIAL (CONT'D)

OCCUPATIONAL HEALTH AND SAFETY

In CHGP, we are highly aware of the importance of safe and healthy working envrionment

As a responsible company, the Group is committed to ensure a safe and healthy working environment for all our employees, contractors and visitors to our business premises. Providing a safe and healthy working environment provides a sense of comfort to employees, thereby boosting morale and work performance as well as mitigates the Group from any adverse reputational risks and costly fines arising from health and safety laws breaches.

We have established a Safety & Health Committee to oversees all safety & health matters in the Group as follows: -



Apart from monitoring from Safety & Health Committee, we also constantly provide safety trainings to raise the awareness among our employees on the importance of maintaining a safe and healthy working environment. Throughout the FYE 2019, we have conducted several in-house safety and health briefing/training to enhance the safety and health awareness of our employees as follows: -

Date	In-House Training Description
2 April 2018	General Safety Briefing
2 July 2018	General Safety Briefing
14 September 2018	Overall Safety & Health Awareness Training
1 October 2018	General Safety Briefing
16 November 2018	Safety Knowledge on Chemical Substances

Our Health and Safety Aims

- Always in compliance to legislative requirements as stipulated under Malaysian Occupational Safety and Health Act 1994.
- Continual improvement for a safer working environment.
- To achieve injury-free incidence target.

SOCIAL (CONT'D)

EMPLOYEE ENGAGEMENT

CHGP recognises the importance of employee engagement as it stimulates bonding amongst management and employees

Throughout the FYE 2019, we have organised several Group events to engage our employees as follows: -

Team Building Event

Our team building event hosted by external event organiser was conducted on 1 December 2018 with the aim to develop bonding and sense of belonging while bringing all employees to work closer together. The event was attended by 52 employees.

Company Annual Lunch

Our company annual lunch was held on 25 January 2019 within our factory building. The event begins with speeches from Senior Management, lunch and ended with lucky draw sessions.

Christmas Celebration

Christmas celebration was held in our office with buffet lunch and gift exchange session. All our employees were invited to the celebration to enrich the working environment with a holiday spirit season.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The MCCG emphasised on the responsibilities of the Board to ensure implementation of appropriate internal controls and effective risk management within the Group so as to safeguard shareholders' investment, stakeholders' interest and the Group's assets.

The Board is pleased to issue the following Statement on Risk Management and Internal Control (the "Statement") pursuant to paragraph 15.26(b) of the MMLR and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITIES

The Board of CHGP recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board affirms its overall responsibilities for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and integrity periodically.

The Board is assisted by the management team in implementing the Board approved policies and procedures on risk and internal controls by identifying and analysing risk information, designing and operating suitable internal controls and monitoring the effectiveness of risk management and control activities.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The Board is of the view that the risk management and internal control system is in place for the year under review and up to the date of issuance of the annual report.

It should be noted that these systems are designed to manage, rather than to eliminate risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system in place can only provide reasonable and not absolute assurance against material misstatements or errors.

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Key elements that have been established in the Group's risk management and internal control system are described below :

1. Risk Management

The Group's risk management framework comprises of the following key elements:

- identify risk that could affect the achievement of the Group's business objective;
- assessment and analysis of likelihood, impact and consequences of risk identified;
- evaluation on the effectiveness and adequacy of existing controls;
- determine appropriate response strategy or additional controls; and
- monitoring and report of risks across the Group.

At strategic level, business plans, strategies and investment proposals with risk consideration are formulated by the management team and presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite.

Any changes in the key operational risks or emergence of new key business risks are identified through daily operational management, controls and review of financial and operational reports by the respective level of management. Any critical and material risks shall be highlighted to the Board for final decision on the formulation and implementation of effective internal controls.

The Group's risk monitoring and management is enhanced by the internal audit function, in which risk-based internal audit review was carried out based on the internal audit plan approved by the Audit Committee after considering the risk areas of the Group.

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

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

2. Internal Controls

The key salient features of the Group's system of internal controls are as follows :

Board of Directors/ Board Committees

Board Committees (i.e. Audit Committee, Nomination Committee and Remuneration Committee) have been established to carry out duties and responsibilities delegated by the Board and are governed by written terms of references as stated in the Group's website at www.chgp.my.

Meetings of the Board and respective Board Committees are carried out on quarterly basis, and as and when required, to review the performance of the Group, from financial to operational perspectives. The quarterly financial performance review containing key financial results and previous corresponding financial results are presented to the Audit Committee for review and the Board for approval for public release.

Standard Operating Procedures

The Group has a set of well-established standard operating procedures covering all critical and significant facets of the Group's operating process at its subsidiary level.

The standard operating procedures are being reviewed periodically or as and when circumstances warrant, to ensure that these documentations remain current and relevant. Compliance with these procedures is an essential element of the risk management and internal control framework.

Organisation Structure and Authorisation Procedure

The Group has a formal organisation structure in place to ensure appropriate level of authority and responsibilities are delegated appropriately to competent staffs so as to achieve operational effectiveness and efficiency.

The authorisation requirements of the key internal control points of key business processes are included in the standard operating procedures of the Group.

Reporting and Communication

At operational level, clear reporting lines are established across the Group. Meetings are held to discuss operational and financial aspects of the business. These meetings usually involve the review of financial performance, operational and business issues including risk management and internal control matters.

Action-plans are constructed for issues identified during the meeting. Follow-up meetings are conducted to monitor progress of the implementation and if necessary, amendments are done to the implementation so that the planned action achieves its purpose.

Matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely manner.

Communications with external stakeholders are channeled through the Group's website, annual reports and announcements made in Bursa Securities' website.

3. Internal Audit Function

The Board recognises the importance of a sound system of risk management and internal control to safeguard the shareholders' investment, stakeholders' interest and the Group's assets. To ensure the system of internal control is functioning effectively, the internal audit function of the Group has been outsourced to a professional services firm. The external professional services firm shall provide the Audit Committee and the Board an independent professional assessment on the adequacy, efficiency and effectiveness of the Group's internal control systems.

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

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

3. Internal Audit Function (Cont'd)

The outsourced internal auditor reports directly to the Audit Committee and the internal audit plans are tabled to the Audit Committee for review and approval to ensure adequate coverage.

Generally, internal control review procedures performed by our outsourced internal auditor are designed to review related controls so as to determine the adequacy of risk management and control structures and to formulate recommendations for improvement thereon.

The internal audit reports which consist of internal audit findings, recommendations, as well as management responses and action plans were presented and deliberated by the Audit Committee. Updates on the follow-up status of the action plans identified in the previous internal audit report were also presented to the Audit Committee.

During the financial year, the internal audit function covered the areas of Human Resources Management and Inventory Management of CHGP Group.

Based on the internal audit review conducted by the outsourced internal auditor, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Statement.

The professional fee incurred in maintaining the outsourced internal audit function for the financial year ended 31 March 2019 is RM20,000.

MANAGEMENT'S ASSURANCE

The Executive Directors have given reasonable assurance to the Board that the Group's risk management and internal control systems are adequate and effective, in all material aspects, based on the risk management and internal controls adopted by the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for inclusion in this Annual Report for the financial year ended 31 March 2019 and have reported to the Board that nothing has come to their attention that causes them to believe this Statement is inconsistent with their understanding of the process the Board has adopted, in the review of the adequacy and integrity of the systems of internal control of the Group.

CONCLUSION

For the financial year under review, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system and there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual Report. However, the Board is also cognisant of the fact that the Group's system of risk management and internal control practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board, will, when necessary, put in place appropriate action plans to further enhance the Group's system of internal control and risk management framework.

The Group's system of internal control does not extend to associate companies as the Group does not have full management control over them. However, the Group's interest is represented through the Board of these associate companies.

This statement is made in accordance with the resolution passed in the Board of Directors' Meeting held on 8 July 2019.

AUDIT COMMITTEE **REPORT**

In line with the best practices of MCCG, the Board has set up the Audit Committee which comprises exclusively of Non-Executive Directors with majority being Independent Non-Executive Directors and the Chairman of the Audit Committee is not the Chairman of the Board.

The present members of the Audit Committee are as follows:

Designation	Name	Directorship
Chairman	Khoo Chee Siang	Independent Non-Executive Director
Member	Dato' Goh Boon Koon	Non-Independent Non-Executive Director
Member	Ho Kok Loon	Independent Non-Executive Director

The members of the Audit Committee of the Company had complied with the MMLR of which at least one (1) member with the requisite accounting qualification.

The primary objective of the Audit Committee is to establish a documented, formal and transparent procedure to assists the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, a system of risk management and internal control, the audit process and the process of monitoring compliance within laws and regulations.

Terms of Reference

The terms of reference of the Audit Committee which laid down its duties and responsibilities are accessible via the Company's website at www.chgp.my.

Attendance of Meetings

During the financial year ended 31 March 2019, the Audit Committee held five (5) meetings and the details of the attendance are as follows:

Members	Meeting Attendance
Khoo Chee Siang	5/5
Ho Kok Loon	5/5
Dato' Goh Boon Koon (appointed on 21.02.2019)	N/A
Chiau Haw Choon (resigned on 21.02.2019)	5/5

Summary of Activities of the Audit Committee

The Audit Committee had during the financial year ended 31 March 2019 discharged the following duties as set out in its terms of reference:

i) Reviewed the quarterly unaudited financial results and made recommendations to the Board for approval.

ii) Reviewed the draft audited financial statements with external auditors prior to the submission to the Board for approval.

iii) Reviewed the audit findings of the external auditors and their reports.

iv) Reviewed the audit planning memorandum from external auditors.

v) Reviewed and recommended the re-appointment of external auditors and their fees to the Board for consideration and approval.

vi) Dialogue session with external auditors without the presence of Executive Director and Management to discuss any issues of concern to the External Auditors arising from the annual statutory audit.

Summary of Activities of the Audit Committee (Cont'd)

vii) Reviewed the internal audit reports of the Group.

viii) Discussed and recommended to the Board for approval, the Audit Committee Report for inclusive in the Annual Report 2018.

ix) Reviewed the internal audit plan from internal auditors.

x) Reviewed the circular to shareholders.

How the Audit Committee Discharged and Met its Responsibilities During the Financial Year

a) Financial Reporting

The Audit Committee reviewed the quarterly unaudited financial results and the annual financial statements of the Company and of the Group and made recommendations to the Board for approval and for announcement to Bursa Securities as follows:

Date of Meetings	Financial Statements
30 May 2018	Unaudited Fourth Quarter Interim Financial Report for the quarter ended 31 March 2018
6 July 2018	Draft Audited financial statements for the financial year ended 31 March 2018
27 August 2018	Unaudited First Quarter Interim Financial Report for the quarter ended 30 June 2018
26 November 2018	Unaudited Second Quarter Interim Financial Report for the quarter ended 30 September 2018
21 February 2019	Unaudited Third Quarter Interim Financial Report for the quarter ended 31 December 2018

The Audit Committee reviewed the annual audited financial statements with the External Auditors and finance team to ensure that the financial statements give a true and fair view of the financial position and performance of the Group are in compliance with the relevant accounting standards, other legal requirements and to ensure compliance with the provisions of the Companies Act 2016 and the MMLR.

b) External Auditors

i) The Audit Committee met twice with the External Auditors on 30 May 2018 and 21 February 2019 respectively without the presence of any Executive Director or Management of the Company to review on the issues relating to financial controls and operational efficiencies of the Company and its subsidiaries arising from the audit. Significant matters requiring follow up were highlighted in the management letter by the External Auditors and enquired on the adequacy and effectiveness of remedial actions taken by management in resolving these issues.

ii) On 30 May 2018, the Audit Committee reviewed the External Auditors' Audit Review Memorandum for the financial year ended 31 March 2018.

iii) On 21 February 2019, the Audit Committee reviewed and evaluated the audit planning memorandum prepared by Messrs UHY ("UHY") for the financial year ended 31 March 2019 which covered the following subject matters :

- audit objective;
- engagement and reporting responsibilities;
- audit approach, areas of audit emphasis and possible key audit matters;
- updates on Malaysian Financial Reporting Standards ("MFRS") in year 2019; and
- engagement team, proposed reporting schedule, proposed fees and fraud risk questionnaires.

AUDIT COMMITTEE REPORT (CONT'D)

How the Audit Committee Discharged and Met its Responsibilities During the Financial Year (Cont'd)

b) External Auditors (Cont'd)

iv) The proposed audit fees for the External Auditors in respect of their audit of the financial statements of the Company and its subsidiaries were analysed and reviewed by the Audit Committee for recommendation to the Board for approval.

v) On 6 July 2018, the Audit Committee also evaluated the performance and independence of the External Auditors covering areas such as calibre, quality processes/performance, audit team, independence and objectivity, audit scope and planning, audit fees as well as the audit communications of the External Auditors. The Audit Committee having been satisfied with the independence and performance of UHY, had recommended the re-appointment of UHY as External Auditors to the Board for consideration and tabled to the shareholders for approval at the Sixteenth Annual General Meeting.

c) Internal Audit

On 26 November 2018 and 21 February 2019, the Audit Committee reviewed and evaluated the Internal Audit Reports ("IAR") pertaining to the internal control on human resource management and inventory management for the quarter ended 30 September 2018 and 31 December 2018 respectively prepared by Eco Asia Advisory, the outsourced Internal Auditors of the Company. Eco Asia Advisory's IARs covered the following:

a) <u>Human Resource Management</u>

i) Human resource planning;
ii) Reporting and authority structure;
iii) Recruitment, transfer and termination;
iv) Appraisal and reward systems;
v) Training and development;
vi) Payroll administration;
vii) Personnel records;
viii) Employee discipline;
ix) Employee benefits; and
x) Employee health and safety.

b) <u>Inventory Management</u>

i) Receipt and issuance / release of inventories;
ii) Inventory storage;
iii) Perpetual and physical records;
iv) Inventory costing system; and
v) Safeguarding of inventories.

The IAR on audit findings, description, implications, recommendation to improve any weaknesses or non-compliance and the management action plan and comments thereto were tabled to the Audit Committee for their review and deliberations. The management was invited to attend the meetings as and when necessary to brief the Audit Committee on matters relating to their areas of responsibility.

Some weaknesses in internal control were identified for the year under review and measures have been or are being taken to address these weaknesses. The Internal Auditors monitored the implementation of management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN **RESPECT OF THE AUDITED FINANCIAL STATEMENTS**

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

The Directors are responsible for ensuring that the Company keeps proper accounting records with reasonable accuracy of the financial position of the Company. The Directors are to ensure that the financial statements comply with mandatory provisions of the Companies Act, 2016, the Malaysian Financial Reporting Standards and the MMLR of Bursa Securities. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 March 2019, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held at Chin Hin Culture Centre of No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Wednesday, 28 August 2019 at 10:00 am for the following purposes :-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2019 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees and Directors' benefits of RM143,400 for the financial year ending 31 March 2020. **Resolution 1**

3. To re-elect Mr Ho Kok Loon who retires in accordance with the Company's Constitution (Article 95(1) of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016). **Resolution 2**

4. To re-elect Mr Chiau Haw Choon who retires in accordance with the Company's Constitution (Article 95(1) of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016). **Resolution 3**

5. To re-appoint Messrs. UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 4**

AS SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modifications the following resolutions:-

6.1 ORDINARY RESOLUTION
AUTHORITY TO ISSUE SHARES
"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (**"the Act"**), and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time 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 issued pursuant to this resolution in any one financial year does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad (**"Bursa Securities"**) for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 5**

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

6. To consider and if thought fit, to pass with or without modifications the following resolutions:- (Cont'd)

6.2 ORDINARY RESOLUTION
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")

"THAT subject always to the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and/or its subsidiaries (**"CHGP Group"**) to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of CHGP Group with specified classes of Related Parties (as defined in the Main Market Listing Requirements of Bursa Securities) as specified in Section 2.4, Part A of the Circular to Shareholders dated 31 July 2019, which are necessary for the day-to-day operations of CHGP Group provided that the transactions are in the ordinary course of business and are carried out at arms' length basis on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public as well as are not detrimental to the minority shareholders of the Company and such approval, shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting (**"AGM"**) of the Company, at which time the mandate will lapse, unless the mandate is renewed by a resolution passed at that meeting;

(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

AND THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the transactions contemplated and/or authorised by this Ordinary Resolution." **Resolution 6**

6. To consider and if thought fit, to pass with or without modifications the following resolutions:- (Cont'd)

6.3 ORDINARY RESOLUTION
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"THAT subject to Sections 112, 113 and 127 of the Act, the provisions of the Main Market Listing Requirements of the Bursa Securities (**"Listing Requirements"**) and all other applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised, to make purchase(s) of ordinary shares in the Company on Bursa Securities subject to the following:-

(a) The maximum number of shares which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company for the time being;
(b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company; and
(c) Upon completion of the purchase by the Company of its own shares, the Directors of the Company are authorised to deal with the shares so bought-back in their absolute discretion in any of the following manner:-
   (i) cancel the shares so purchased; or
   (ii) retain the shares so purchased as treasury shares and held by the Company; or
   (iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or
   (iv) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or
   (v) transfer all or part of the treasury shares for purposes of an employees' share scheme, and/or as purchase consideration; or

   in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act, the Listing Requirements and other relevant guidelines issued by Bursa Securities and any other relevant authority for the time being in force;

AND THAT the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and shall continue to be in force until:-

(a) the conclusion of the next AGM of the Company at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution passed at the AGM either unconditionally or subject to conditions; or
(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

6. To consider and if thought fit, to pass with or without modifications the following resolutions:- (Cont'd)

6.3 ORDINARY RESOLUTION
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (CONT'D)

whichever is earlier, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Listing Requirements and other relevant guidelines issued by the Bursa Securities or any other relevant authorities.

AND THAT the Directors of the Company be and are authorised to take all such steps to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, revaluations and/or amendments as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter in accordance with the Act, the Listing Requirements and other relevant guidelines issued by Bursa Securities and any other relevant authorities." **Resolution 7**

6.4 ORDINARY RESOLUTION
MANDATE FOR MR HO KOK LOON TO CONTINUE TO ACT AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT subject to the passing of Resolution 2, approval be and is hereby given to Mr Ho Kok Loon who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 8**

6.5 SPECIAL RESOLUTION
PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY

"THAT approval be and is hereby given for the Company to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 31 July 2019 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing." **Resolution 9**

7. To transact any other business of which due notices shall have been given in accordance with the Companies Act 2016.

By Order of the Board,

CHEE WAI HONG (BC/C/1470)
FOO LI LING (MAICSA 7019557)
Company Secretaries

Penang

Date : 31 July 2019

Notes :

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.

2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.

3. A member shall be entitled to appoint one (1) or more proxies to attend and vote at the same meeting.

4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.

7. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Company's Constitution (Article 62(3) of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016) and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 20 August 2019 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.

9. All resolutions as set out in this notice of Seventeenth Annual General Meeting are to be voted by poll.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes on Ordinary Business

Item 1 of the Agenda
To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2019 together with the Reports of the Directors and Auditors thereon
The item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.

Resolution 1 – Payment of Directors' fees and Directors' benefits for the financial year ending 31 March 2020
Resolution 1 is to facilitate payment of Directors' fees and Directors' benefits on current financial year basis, calculated based on the number of scheduled Board and Committee meetings for financial year 2020 and assuming that all Directors will hold office until the end of the financial year. In the event the Directors' fees and Directors' benefits proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees and benefits to meet the shortfall.

Explanatory Notes on Special Business

Resolution 5 – Authority to Issue Shares
The proposed Resolution 5, if passed, primarily to renew the mandate to give authority to the Board of Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a general meeting. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

As at the date of this Notice, the Company has not issued any new shares pursuant to the general authority granted to the Directors at the Sixteenth Annual General Meeting held on 27 August 2018 and which will lapse at the conclusion of the Seventeenth Annual General Meeting to be held on 28 August 2019. A renewal of this authority is being sought at the Seventeenth Annual General Meeting under proposed Resolution 5.

This authority if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

Resolution 6 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature
The proposed Resolution 6, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties which are necessary for the Group's day-to-day operations and are in the ordinary course of business which carried out on an arm's length basis based on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company. The details of the proposal are set out in the Circular to Shareholders dated 31 July 2019.

Resolution 7 – Proposed Renewal of Share Buy-Back Authority
The proposed Resolution 7, if passed, will allow the Directors of the Company to exercise the power of the Company to purchase up to 10% of the total number of issued shares of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes on Special Business (Cont'd)

Resolution 8 – Mandate for Mr Ho Kok Loon to continue to act as an Independent Non-Executive Director of the Company
The proposed Resolution 8, if passed, will enable Mr Ho Kok Loon to continue to act as Independent Non-Executive Director of the Company in line with the recommendation of the Malaysian Code of Corporate Governance. Both the Nomination Committee and Board have assessed the independence of Mr Ho Kok Loon, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him 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 the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as check and balance, and bring an element of objectivity to the Board.
ii. His vast experience in the accounting and audit industry enabled him to provide the Board with a diverse set of experience, expertise and independent judgment.
iii. He devotes sufficient time and attention to his professional obligations for an informed and balanced decision making.
iv. He consistently challenged management in an effective and constructive manner and actively participated in board discussion.
v. He has a good and thorough understanding of the main drivers of the business in a detailed manner.

Resolution 9 – Proposed adoption of the new Constitution of the Company
The proposed Resolution 9, if passed, will bring the Company's Constitution in line with the enforcement of the Companies Act 2016 and Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad and to enhance administrative efficiency. The proposed new Constitution is set out in the Circular to Shareholders dated 31 July 2019.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or it agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"). (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed resolution 5 as stated in the Notice of Annual General Meeting of the Company for the details.

REPORTS AND FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

Principal Activities

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

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

Change of Name

The Company changed its name from Boon Koon Group Berhad to Chin Hin Group Property Berhad on 29 August 2018.

Financial Results

	Group RM	Company RM
Net profit/(loss) for the financial year	3,386,609	(1,744,309)
Attributable to:		
Owners of the Parent	3,409,616	(1,744,309)
Non-controlling interests	(23,007)	–
	3,386,609	(1,744,309)

Reserves and Provisions

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

Dividend

There were no dividend proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

Treasury Shares

During the financial year, the Company repurchased a total of 700,000 of its issued ordinary shares from the open market at an average price of RM0.36 per share. The total consideration paid for the repurchase was RM255,208. The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127(4) of the Companies Act, 2016.

As at 31 March 2019, the total shares held as treasury shares amounted to 700,000 ordinary shares at a total cost of RM255,208. Further relevant details are disclosed in Note 15 to the financial statements.

Warrants 2013/2023

The Warrants were constituted under the Deed Poll dated 27 May 2013.

A total of 138,375,000 warrants were issued on the basis of one (1) rights share together with one (1) free warrant for every one (1) share held on 12 June 2013. Each warrants entitles the holder to subscribe for one (1) new share at the exercise price of RM0.20.

The salient features and other terms of the Warrants are disclosed in Note 16(a) to the financial statements.

As at 31 March 2019, the total numbers of Warrants that remained unexercised were 128,014,100.

Options Granted Over Unissued Shares

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

Directors

The Directors in office during the financial year until the date of this report are:

Dato' Goh Boon Koon
Ho Kok Loon
Datuk Seri Chiau Beng Teik*
Chiau Haw Choon*
Khoo Chee Siang*
Datuk Yeo Chun Sing
Shelly Chiau Yee Wern
(Alternate Director to Datuk Seri Chiau Beng Teik) (Appointed on 2.7.2018)

Directors (Cont'd)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Ng Chee Wei
Khor Choon Wooi
Dato' Hj. Mat Yusof Bin Abdullah
Koay Chun Yeong
Alvin Tan Jit Kwong
Ong Tong Ing
Kan Keat Peng^
Chow Siew Kheng^#
Goh Peng Yeong#
Goh Chin Aun#
Dato' Cheah Suan Lee#

* Directors of the Company and its subsidiary companies
^ Director appointed during the financial year
# Directors resigned during/after the financial year

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

Directors' Interests in Shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.4.2018	**Bought**	**Sold**	**At 31.3.2019**
Interests in the Company				
Direct interests:				
Dato' Goh Boon Koon	2,650,000	–	–	2,650,000
Datuk Seri Chiau Beng Teik	74,923,800	10,275,300	–	85,199,100
Chiau Haw Choon	7,859,000	–	–	7,859,000
Ho Kok Loon	67,500	–	–	67,500
Indirect interests:				
Dato' Goh Boon Koon [1]	49,325,690	1,025,200	–	50,350,890

Directors' Interests in Shares (Cont'd)

	Number of Warrants			
	At 1.4.2018	Bought	Sold	At 31.3.2019
Interests in the Company				
Direct interests:				
Dato' Goh Boon Koon	31,847,373	–	–	31,847,373
Ho Kok Loon	33,750	–	–	33,750
Datuk Seri Chiau Beng Teik	12,223,000	22,017,000	–	34,240,000
Datuk Yeo Chun Sing	100,000	–	–	100,000
Indirect interests:				
Dato' Goh Boon Koon [1]	–	2,200,000	–	2,200,000

Notes

[1] *Deemed interest through BKNT Resources Sdn. Bhd. by virtue of his shareholdings of not less than 20% in BKNT Resources Sdn. Bhd. pursuant to section 8 of the Companies Act, 2016 ("the Act") and other interest held through his children pursuant to section 59(11)(c) of the Act*

By virtue of their interests in the shares of the Company, Datuk Seri Chiau Beng Teik is also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 30(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than Director who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business to a firm in which a Director is a member as disclosed in Note 30(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM10,000,000 and RM14,000 respectively. No indemnity was given to or insurance effected for the auditors of the Company.

DIRECTORS' REPORT (CONT'D)

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

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

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

(iv) 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.

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

(i) any charge on the assets of the Group and 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 and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent liability 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 and of the Company to meet their obligations when they fall due;

(ii) 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; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT (CONT'D)

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 6 to the financial statements.

Auditors Remuneration

The details of auditors' remuneration are disclosed in Note 23 to the financial statements.

Significant Events

The details of significant events are disclosed in Note 35 to the financial statements.

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 8 July 2019.

DATUK SERI CHIAU BENG TEIK **CHIAU HAW CHOON**

KUALA LUMPUR

STATEMENT BY **DIRECTORS**
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 82 to 180 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 8 July 2019.

DATUK SERI CHIAU BENG TEIK **CHIAU HAW CHOON**

KUALA LUMPUR

STATUTORY **DECLARATION**
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, Chiau Haw Choon, being the Director primarily responsible for the financial management of Chin Hin Group Property Berhad (formerly known as Boon Koon Group Berhad), do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 82 to 180 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the Federal)
Territory on 8 July 2019.)

CHIAU HAW CHOON

Before me,

No. W710
MOHAN A.S. MANIAM
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' **REPORT**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Chin Hin Group Property Berhad (formerly known as Boon Koon Group Berhad), which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 82 to 180.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and of their financial performance and their cash flows for the financial 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 opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Key audit matters	How we addressed the key audit matters
1. Revenue and cost recognition for property development activity The revenue from property development activities is recognised over the period of the property development activities by reference to the progress towards complete satisfaction of the performance obligation. The Group uses progressive recognition method in accounting for the progress towards complete satisfaction of the performance obligation.	As part of our audit, we performed the followings: • Evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15 *Revenue from Contracts with Customers;* • Obtained an understanding of the internal controls pertaining to management budgeting process for the ongoing property development project; • Read the sales and purchase agreements entered into with the customers to obtain an understanding of the specific terms and conditions;

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Cont'd)

<table>
<tr><th>Key audit matters</th><th>How we addressed the key audit matters</th></tr>
<tr><td>1. Revenue and cost recognition for property development activity (Cont'd)

We focused on this area because of the inherent complexity involved in the application of MFRS 15 Revenue from Contracts with Customers and the significant management judgement involved in developing and monitoring total budgeted property development costs, and estimating future costs which are impacted by changes in prices, exchange rates and inflation, among others.

For the financial year ended 31 March 2019, the revenue and cost of the property development activity contributed to 26% and 25% of the Group's revenue and total expenses.

Key management judgements include:

(a) Estimating the budgeted costs to complete the project;

(b) The future profitability of the project; and

(c) The percentage of completion at the end of the reporting period.</td><td>As part of our audit, we performed the followings: (Cont'd)

• Evaluated management's assumptions applied in estimating the total property development costs including the provisions and allocations of common infrastructure costs for the property development project by comparing the estimated property development costs to the contracts awarded to the contractors;

• Assessed the completeness of the property development cost recorded by examining the supporting documents such as latest progress claims from the contractors and suppliers' invoices;

• Evaluated variances between actual costs received and budgeted property development costs to assess whether the total estimated costs to completion has been properly updated;

• Assessed the mathematical accuracy of the revenue and profit based on progressive recognition computation; and

• Assessed the adequacy of the disclosures in accordance with MFRS 15 Revenue from Contracts with Customers.</td></tr>
<tr><td>2. Net valuation of inventories

As at 31 March 2019, the Group held other inventories of RM22,492,306. As described in the Accounting Policies in Note 3 to the financial statements, inventories are carried at the lower of cost and net realisable value.

We focused on this area due to Group holds significant amount of inventories which exposed the Group to a risk that the inventories may become slow moving or obsolete and eventually non-saleable or selling below their carrying value.</td><td>Our audit procedures included, amongst others:

• Reviewed the valuation method of inventories in accordance with MFRS 102 Inventories;

• Obtained an understanding of how the Group derive its general impairment policy and makes the accounting estimates for inventory write-downs;

• Reviewed the consistency of the application of the Group's policy in write-down of inventory;

• Tested the reliability of the ageing report of inventories provided by management;

• Made inquiries of management regarding the action plans to clear slow moving aged and obsolete inventories;

• Tested the net realisable value of inventories on a sampling basis; and

• Evaluated the reasonableness and adequacy of the allowance for inventories recognised in the financial statements.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Cont'd)

Key audit matters	How we addressed the key audit matters
3. Assessment of the carrying value of trade receivables Refer to significant accounting policies Note 3(n)(ii), significant accounting judgements, estimates and assumptions Note 2(d) and Note 10 Trade Receivables. We focused on this area due to the Group has significant trade receivables as at 31 March 2019 and it is subject to credit risk exposure.	Our audit procedures included, amongst others: • Understood and tested the relevant controls over identification of objective evidence of impairment of trade receivables and the calculation of the impairment loss; • Where objective evidence of impairment had been identified by the Group and impairment loss was individually calculated, we examined both the quantum and timing of future cash flows used by the Group in the impairment loss calculation and considered whether the estimates made were reasonable given the trade receivables' circumstances; • Evaluated and challenged management's assessment of the recoverability of the Group's aged trade receivables which are past due but not impaired as at the reporting date; • Enquired with management on the reasons for the delay in payments on certain aged trade receivables and the appropriateness of any allowance for impairment loss to be made, by considering amongst others, factors such as subsequent cash receipts, past payment practices and the ongoing business relationship with the receivables involved; and • Assessed the adequacy and reasonableness of the disclosures in the financial statements.

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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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.

- 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 of 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.

INDEPENDENT AUDITORS' REPORT (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)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary company of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

DATUK TEE GUAN PIAN
Approved Number: 01886/05/2020 J
Chartered Accountant

KUALA LUMPUR

8 July 2019

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

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Non-Current Assets					
Property, plant and equipment	4	45,141,793	43,684,490	24,610	39,943
Investment properties	5	28,800,000	28,800,000	28,800,000	28,800,000
Investments in subsidiary companies	6	–	–	44,182,802	43,182,804
Investments in associate company	7	–	–	–	–
Inventories	8	884,475	884,475	–	–
Deferred tax assets	9	2,687,560	4,558,430	–	–
		77,513,828	77,927,395	73,007,412	72,022,747
Current Assets					
Inventories	8	60,658,726	51,774,642	–	–
Trade receivables	10	71,672,079	44,703,411	–	–
Other receivables	11	12,290,985	11,713,247	19,820	28,131
Amounts due from subsidiary companies	12	–	–	28,193,849	23,961,904
Tax recoverable		23,098	207,238	282	300
Fixed deposits with licensed banks	13	109,707	106,615	–	–
Cash and bank balances	14	10,505,243	8,573,112	150,898	4,662,456
		155,259,838	117,078,265	28,364,849	28,652,791
Total Assets		232,773,666	195,005,660	101,372,261	100,675,538

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019 (CONT'D)

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Equity					
Share capital	15	62,448,653	62,448,653	62,448,653	62,448,653
Treasury shares	15	(255,208)	–	(255,208)	–
Reserves	16	23,889,793	21,069,792	7,740,387	7,740,387
Retained earnings/ (Accumulated loss)		29,828,901	30,011,761	(366,490)	1,377,819
Equity attributable to owners of the parent		115,912,139	113,530,206	69,567,342	71,566,859
Non-controlling interests		384,567	407,574	–	–
Total Equity		116,296,706	113,937,780	69,567,342	71,566,859
Non-Current Liabilities					
Contract liabilities	17	56,058	–	–	–
Bank borrowings	18	975,562	1,336,643	–	–
Deferred tax liabilities	9	3,899,788	5,141,972	1,087,574	1,087,574
		4,931,408	6,478,615	1,087,574	1,087,574
Current Liabilities					
Contract liabilities	17	282,719	–	–	–
Trade payables	19	64,091,959	36,176,566	–	–
Other payables	20	14,801,170	14,908,275	89,399	102,993
Amount due to subsidiary companies	12	–	–	30,627,946	27,918,112
Bank borrowings	18	30,514,775	22,375,080	–	–
Tax payable		1,854,929	1,129,344	–	–
		111,545,552	74,589,265	30,717,345	28,021,105
Total Liabilities		116,476,960	81,067,880	31,804,919	29,108,679
Total Equity and Liabilities		232,773,666	195,005,660	101,372,261	100,675,538

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Revenue	21	151,435,817	124,646,153	711,272	931,966
Cost of sales		(136,157,809)	(122,088,189)	–	–
Gross profit		15,278,008	2,557,964	711,272	931,966
Other income		1,146,219	17,993,748	567	350,115
Administrative expenses		(6,785,163)	(7,662,797)	(1,766,951)	(3,253,570)
Selling and distribution expenses		(1,654,131)	(1,371,986)	–	–
Net loss on impairment of financial instruments		(499,532)	(307,763)	(688,855)	(51,038)
Profit/(Loss) from operations		7,485,401	11,209,166	(1,743,967)	(2,022,527)
Finance costs	22	(1,084,435)	(1,235,369)	–	–
Share of results of associate company		–	(783,478)	–	–
Profit/(Loss) before tax	23	6,400,966	9,190,319	(1,743,967)	(2,022,527)
Taxation	24	(3,014,357)	(184,405)	(342)	(94)
Profit/(Loss) for the financial year		3,386,609	9,005,914	(1,744,309)	(2,022,621)
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Revaluation of land and buildings	4	3,549,167	–	–	–
Deferred tax liabilities relating to component of other comprehensive income	9	(585,800)	–	–	–
		2,963,367	–	–	–

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Items that are or may be reclassified subsequently to profit or loss:					
Exchange translation differrences for foreign operations		(1,276)	234,311	–	–
Other comprehensive income for the financial year		2,962,091	234,311	–	–
Total comprehensive income/(loss) for the financial year		6,348,700	9,240,225	(1,744,309)	(2,022,621)
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		3,409,616	8,933,117	(1,744,309)	(2,022,621)
Non-controlling interests		(23,007)	72,797	–	–
		3,386,609	9,005,914	(1,744,309)	(2,022,621)
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the parent		6,371,707	9,167,428	(1,744,309)	(2,022,621)
Non-controlling interests		(23,007)	72,797	–	–
		6,348,700	9,240,225	(1,744,309)	(2,022,621)
Earnings per share:					
Basic (sen)	25	1.15	3.17		
Diluted (sen)	25	0.93	2.51		

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

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

		Attributable to Owners of the Parent									
		Non-Distributable						Distributable			
Group	Note	Share Capital RM	Treasury Shares RM	Warrant Reserve RM	Foreign Currency Translation Reserve RM	Capital Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
At 1 April 2018, as previously reported		62,448,653	–	7,740,387	177,632	(27,934)	13,179,707	30,011,761	113,530,206	407,574	113,937,780
Effect of adopting MFRS 9	2(a)	–	–	–	–	–	–	(3,734,566)	(3,734,566)	–	(3,734,566)
At 1 April 2018, as restated		62,448,653	–	7,740,387	177,632	(27,934)	13,179,707	26,277,195	109,795,640	407,574	110,203,214
Profit for the financial year		–	–	–	–	–	–	3,409,616	3,409,616	(23,007)	3,386,609
Other comprehensive income for the financial year		–	–	–	(1,276)	–	2,963,367	–	2,962,091	–	2,962,091
Total comprehensive income for the financial year		–	–	–	(1,276)	–	2,963,367	3,409,616	6,371,707	(23,007)	6,348,700
Realisation of revaluation surplus		–	–	–	–	–	(142,090)	142,090	–	–	–
Transactions with owners:											
Shares repurchased	15	–	(255,208)	–	–	–	–	–	(255,208)	–	(255,208)
At 31 March 2019		62,448,653	(255,208)	7,740,387	176,356	(27,934)	16,000,984	29,828,901	115,912,139	384,567	116,296,706

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (CONT'D)

		Attributable to Owners of the Parent								
		Non-Distributable					Distributable			
Group	Note	Share Capital RM	Warrant Reserve RM	Foreign Currency Translation Reserve RM	Capital Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
At 1 April 2017		55,350,000	8,366,860	(56,679)	(27,934)	13,331,484	20,926,867	97,890,598	652,185	98,542,783
Profit for the financial year		–	–	–	–	–	8,933,117	8,933,117	72,797	9,005,914
Other comprehensive income for the financial year		–	–	234,311	–	–	–	234,311	–	234,311
Total comprehensive income for the financial year		–	–	234,311	–	–	8,933,117	9,167,428	72,797	9,240,225
Realisation of revaluation surplus		–	–	–	–	(151,777)	151,777	–	–	–
Transactions with owners:										
Exercise of warrants	15,16	2,698,653	(626,473)	–	–	–	–	2,072,180	–	2,072,180
Issuance of shares	15	4,400,000	–	–	–	–	–	4,400,000	–	4,400,000
Disposal of subsidiary company	6(b)	–	–	–	–	–	–	–	(317,408)	(317,408)
Total transactions with owners		7,098,653	(626,473)	–	–	–	–	6,472,180	(317,408)	6,154,772
At 31 March 2018		62,448,653	7,740,387	177,632	(27,934)	13,179,707	30,011,761	113,530,206	407,574	113,937,780

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (CONT'D)

		← Non-Distributable		→	← Distributable →	
Company	**Note**	**Share Capital RM**	**Treasury Shares RM**	**Warrant Reserve RM**	**(Accumulated Loss)/ Retained Earnings RM**	**Total Equity RM**
At 1 April 2018		62,448,653	–	7,740,387	1,377,819	71,566,859
Loss for the financial year, representing total comprehensive loss for the financial year		–	–	–	(1,744,309)	(1,744,309)
Transactions with owners:						
Shares repurchased	15	–	(255,208)	–	–	(255,208)
At 31 March 2019		62,448,653	(255,208)	7,740,387	(366,490)	69,567,342
At 1 April 2017		55,350,000	–	8,366,860	3,400,440	67,117,300
Loss for the financial year, representing total comprehensive loss for the financial year		–	–	–	(2,022,621)	(2,022,621)
Transactions with owners:						
Exercise of warrants	15,16	2,698,653	–	(626,473)	–	2,072,180
Issuance of shares	15	4,400,000	–	–	–	4,400,000
Total transactions with owners		7,098,653	–	(626,473)	–	6,472,180
At 31 March 2018		62,448,653	–	7,740,387	1,377,819	71,566,859

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

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash Flows From Operating Activities				
Profit/(Loss) before tax	6,400,966	9,190,319	(1,743,967)	(2,022,527)
Adjustments for:				
Bad debt written off	8,789	–	–	526,608
Depreciation of property, plant and equipment	2,169,266	3,129,750	15,333	18,940
Gain on disposal of:				
- property, plant and equipment	(158,107)	(577,292)	–	–
- investment in a subsidiary company	–	(6,029)	–	–
- investment in associate company	–	(15,049,990)	–	–
Impairment loss on:				
- investment in subsidiary companies	–	–	–	50,006
- trade receivables	499,532	307,763	–	–
- amount due from subsidiary companies	–	–	688,853	51,038
Interest expense	1,126,641	1,277,550	–	–
Interest income	(77,834)	(261,789)	(8,022)	(224,966)
Inventories written down	–	11,370,677	–	–
Loss on liquidation of a subsidiary company	–	186,590	–	–
Property, plant and equipment written off	3,695	180,832	–	–
Reversal of impairment loss on:				
- trade receivables	(155,449)	(128,861)	–	–
- amount due from subsidiary company	–	–	–	(348,691)
Share of results of associate company	–	783,478	–	–
Unrealised loss/(gain) on foreign exchange	268,009	(701,086)	(567)	2,110
Operating profit/(loss) before working capital changes	10,085,508	9,701,912	(1,048,370)	(1,947,482)

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

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Changes in working capital:					
Inventories		(8,884,084)	(19,590,093)	–	–
Receivables		(31,558,667)	(26,861,056)	8,311	110,234
Payables		27,460,470	19,318,762	(13,594)	(198,155)
Contract liabilities		338,777	–	–	–
		(12,643,504)	(27,132,387)	(5,283)	(87,921)
Cash used in operations		(2,557,996)	(17,430,475)	(1,053,653)	(2,035,403)
Interest received		8,022	224,966	8,022	224,966
Interest paid		(1,126,641)	(1,277,550)	–	–
Tax refund		(2,163,710)	15,187	–	–
Tax paid		101,964	(117,402)	(324)	(394)
		(3,180,365)	(1,154,799)	7,698	224,572
Net cash used in operating activities		(5,738,361)	(18,585,274)	(1,045,955)	(1,810,831)
Cash Flows From Investing Activities					
Advance to subsidiary companies		–	–	(4,920,798)	(21,341,693)
Purchases of property, plant and equipment		(85,490)	(698,223)	–	(4,766)
Proceeds from disposals of property, plant and equipment		162,500	1,344,630	–	–
Proceeds from disposals of investment in associate company		–	22,000,000	–	–
Net cash outflows from disposal of a subsidiary company	6(b)	–	(696,682)	–	–
Interest received		69,812	36,823	–	–
Additional investment in a subsidiary company		–	–	(999,998)	–
Net cash from/(used in) investing activities		146,822	21,986,548	(5,920,796)	(21,346,459)

STATEMENTS OF CASH FLOWS

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash Flows From Financing Activities				
Advances from subsidiary companies	–	–	2,709,834	21,135,733
(Increase)/Decrease in fixed deposits pledged	(3,092)	27,353	–	–
Repayment of finance lease payables	(470,658)	(422,349)	–	–
Net changes in banker's acceptances	8,272,000	(6,867,000)	–	–
Repayment of term loans	(22,728)	(22,820)	–	–
Proceeds from issuance of shares	–	4,400,000	–	4,400,000
Proceeds from exercise of Warrants	–	2,072,180	–	2,072,180
Purchase of treasury shares	(255,208)	–	(255,208)	–
Net cash from/(used in) financing activities	7,520,314	(812,636)	2,454,626	27,607,913
Net increase/(decrease) in cash and cash equivalents	1,928,775	2,588,638	(4,512,125)	4,450,623
Cash and cash equivalents at the beginning of the financial year	8,573,112	6,135,124	4,662,456	214,030
Effect of exchange translation difference on cash and cash equivalents	3,356	(150,650)	567	(2,197)
Cash and cash equivalents at the end of the financial year	10,505,243	8,573,112	150,898	4,662,456
Cash and cash equivalents at the end of the financial year comprises:				
Fixed deposits with licensed banks	109,707	106,615	–	–
Cash and bank balances	10,505,243	8,573,112	150,898	4,662,456
	10,614,950	8,679,727	150,898	4,662,456
Less: Fixed deposits pledged with licensed banks	(109,707)	(106,615)	–	–
	10,505,243	8,573,112	150,898	4,662,456

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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2019

1. Corporate Information

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

The principal place of business of the Company is located at 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang.

The registered office of the Company is located at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of its subsidiary companies are disclosed in Note 6. There have been no significant changes in the nature of these activities during the financial year.

2. Basis of Preparation

(a) Statement of compliance

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

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and measurement of Shared-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs 2014 – 2016 Cycle	Amendments to MFRS 1 Amendments to MFRS 128

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for:

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company.

The Group and the Company applied MFRS 9 retrospectively, and have elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 April 2018.

(a) Classification of financial assets and liabilities

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") and replaces the existing MFRS 139 *Financial Instruments: Recognition and Measurement* categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Group and to the Company.

(b) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company require to record ECL on all of its debt instruments, loans and receivables, either on a 12-months or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Group and the Company do not expect any significant increase in impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

(c) Effect of changes in classification and measurement of financial assets on 1 April 2018

	As at 31.3.2018 RM	Re-measurement RM	Reclassification to MFRS 9 AC RM
Group			
Financial assets			
Loans and receivables			
Trade receivables	44,703,411	(3,734,566)	40,968,845
Other receivables	10,752,724	–	10,752,724
Fixed deposits with licensed bank	106,615	–	106,615
Cash and bank balances	8,573,112	–	8,573,112
	64,135,862	(3,734,566)	60,401,296
Company			
Financial assets			
Loans and receivables			
Other receivables	6,704	–	6,704
Amount due from subsidiary companies	23,961,904	–	23,961,904
Cash and bank balances	4,662,456	–	4,662,456
	28,631,064	–	28,631,064

(d) Effect on impairment allowances on 1 April 2018

	Group RM
Impairment of financial assets	
Balances under MFRS 139 as at 31 March 2018	5,814,079
Impairment loss on receivables	3,734,566
Balances under MFRS 9 as at 1 April 2018	9,548,645

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

(ii) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group and the Company using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Accordingly, the comparative information was not restated and the cumulative effects of initial application of MFRS 15 were recognised as an adjustment to the opening balance of retained earnings as at 1 April 2018. The comparative information continued to be reported under the previous accounting policies governed under MFRS 118.

In applying the modified retrospective method, the Group and the Company applied the following practical expedients:

(a) for completed contracts, contracts that begin and end within the same annual reporting period were not restated;

(b) for completed contracts that have variable consideration, transaction price at the date of the contract was completed was used rather than estimating variable consideration amounts in the comparative reporting periods; and

(c) for all reporting periods presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligation and an explanation of when the entity expects to recognise that amount as revenue is not disclosed.

Prior to 1 April 2018, there was no outstanding contract with customer where the Group has remaining performance obligation, i.e. all promised good or service are transferred for contracts entered prior to 31 March 2018. As such, there is no impact to the opening retained earnings of the Group arising from the adoption of MFRS 15.

The adoption of MFRS 15 has no material financial impact other than the disclosures made in the financial statements.

Impact arising from the adoption of MFRS 9 on the Group's financial statements:

	As at 31.3.2018 RM	MFRS 9 adjustment RM	As at 1.4.2018 RM
Group			
Trade receivables	44,703,411	(3,734,566)	40,968,845
Retained earnings	30,011,761	(3,734,566)	26,277,195

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new interpretation and amendments to MFRSs that have been issued by MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The initial application of the abovementioned MFRSs is not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

<u>MFRS 16 *Leases*</u>

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes noncancelable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard in the financial statements of the Group and of the Company are currently being assessed by management.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis other than as disclosed in Note 3.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(d) Significant accounting judgements, estimates and assumptions

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Basis of Preparation (Cont'd)

(d) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* 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 significant that a property does not qualify as investment property.

Control over BKHS Capital Sdn. Bhd. ("BKHS")

Note 6 describes that BKHS is a subsidiary company of the Group even though the Group owns less than 51% of the ownership interest in this entity and less than 51% of their voting power. The Group control BKHS by virtue of the Group controlling the composition of the Board of Directors of BKHS.

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group recognises revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and

(c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

2. Basis of Preparation (Cont'd)

(d) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4.

Revaluation of property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 March 2019 for investment properties and revalued land and buildings. For investment properties, a valuation methodology based on sales comparison approach was used. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The fair value of buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

The key assumptions used to determine the fair value of the investment properties are provided in Note 5.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 9.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 8(c).

2. Basis of Preparation (Cont'd)

(d) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods or services are based on invoiced values. Discounts are not considered as they are not only given in rare circumstances.

Revenue from property development contract

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgements are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Note 17.

Impairment of receivables

The Group review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 10, 11 and 12 respectively.

2. Basis of Preparation (Cont'd)

(d) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 March 2019, the Group has tax recoverable and payable of RM23,098 (2018: RM207,238) and RM1,854,929 (2018: RM1,129,344) respectively. The Company has tax recoverable of RM282 (2018: RM300).

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistent throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 139 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(n) to the financial statements on impairment of non-financial assets.

(b) Investments in associate companies

An associate company is an entity over 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 control or joint control over those policies.

On acquisition of an investment in an associate company, 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 associated company's profit or loss for the period in which the investment is acquired.

An associate company is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate company. Under the equity method, on initial recognition the investment in an associate company is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate company after the date of acquisition. When the Group's share of losses in an associate company equals or exceeds its interest in the associate company, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate company.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate company are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate company. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associate companies 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.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associated company. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, 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.

3. Significant Accounting Policies (Cont'd)

(b) Investments in associate companies (Cont'd)

Upon loss of significant influence over the associate company, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate company upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associate company are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets.

(c) Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the MFRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint operation.

(d) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date 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 operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. Significant Accounting Policies (Cont'd)

(d) Foreign currency translation (Cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM are translated at the rate of exchange prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operations reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(n)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are measured at fair value less accumulated depreciation on leasehold land and buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every two to five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

3. Significant Accounting Policies (Cont'd)

(e) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on a straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Capital work-in-progress are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Leasehold land	Over the remaining lease
Buildings	50 years
Machinery and factory equipment	5 - 10 years
Office equipment, furniture and fittings	3 - 12½ years
Motor vehicles	5 - 6¼ years

The residual values, useful lives and depreciation method are reviewed at each reporting period 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 property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. Significant Accounting Policies (Cont'd)

(f) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

As lessee

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between 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 recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. Significant Accounting Policies (Cont'd)

(g) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period 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. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3. Significant Accounting Policies (Cont'd)

(h) Financial assets

Policy applicable from 1 April 2018

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, amounts due from subsidiary companies, fixed deposits with licensed banks and cash and bank balances.

Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- 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 (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group and the Company have not designated any financial assets at FVOCI and FVTPL.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

Policy applicable before 1 April 2018

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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depending on the purpose for which the financial assets were acquired at initial recognition, into loans and receivables.

3. Significant Accounting Policies (Cont'd)

(h) Financial assets (Cont'd)

Policy applicable before 1 April 2018 (Cont'd)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned. A regular way purchase or sale of financial assets is recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

(i) Financial liabilities

Policy applicable from 1 April 2018

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Policy applicable before 1 April 2018

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

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

3. Significant Accounting Policies (Cont'd)

(i) Financial liabilities (Cont'd)

Policy applicable before 1 April 2018 (Cont'd)

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

(i) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables, amount due to subsidiary companies and loans and borrowings.

Trade and other payables and amount due to subsidiary companies are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. Significant Accounting Policies (Cont'd)

(j) Financial guarantee contracts

Policy applicable from 1 April 2018

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount initially recognised less cumulative amortisation.

Liabilities arising from financial guarantees are presented together with other provisions.

(k) Offsetting of financial instruments

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

(l) Inventories

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

(i) Land held for property development

Land held for property development consists of purchase price of land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value can not be determined reliably, these inventories will be stated at the lower of cost or fair value costs to see. Fair value is the amount the inventory can be sold in an arm's length transaction.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

3. Significant Accounting Policies (Cont'd)

(l) Inventories (Cont'd)

(ii) Property development costs

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to subcontractors and borrowing costs capitalised for qualifying assets that incurred during the development period. The asset is subsequently recognised as an expenses in profit or loss when and as the control of the asset is transferred to the customer.

Properties development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

(iii) Other inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on first-in-first-out basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a first-in-first-out.

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

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with banks and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of pledged deposits.

(n) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives, the recoverable amount is estimated each period at the same time.

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

3. Significant Accounting Policies (Cont'd)

(n) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

Policy applicable from 1 April 2018

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. 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 effective interest rate. 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, other receivables and inter-company balances, 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 recognises 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.

3. Significant Accounting Policies (Cont'd)

(n) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Policy applicable before 1 April 2018

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies and associates are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

(o) Share capital

(i) Ordinary shares

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.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

3. Significant Accounting Policies (Cont'd)

(o) Share capital (Cont'd)

(ii) Warrant

Warrants are classified as equity instruments. The issuance of ordinary shares upon exercise of warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Upon exercise of the warrants, the proceeds are credited to share capital and the related warrant reserves are reversed. The warrant reserves in relation to unexercised warrants at the expiry of the warrants will be reversed into retained profit.

(iii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares. When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company. When treasury shares are sold or reissued subsequently, the difference between the sales consideration, net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(p) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period 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 a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

3. Significant Accounting Policies (Cont'd)

(q) Employee benefits

(i) Short term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension scheme. Such contributions are recognised as an expense in the profit and loss as incurred. Once the contribution has been paid, the Group has no further payment obligation.

(r) Income taxes

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts 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 assets and liabilities are not discounted.

3. Significant Accounting Policies (Cont'd)

(r) Income taxes (Cont'd)

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Borrowing costs

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

(t) Revenue Recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Sale of goods

Revenue from contract with customers is recognised when or as a performance obligation in the contract with customer is satisfied, (i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue from the sale of goods is recognised upon delivery of goods where control of the goods has been transferred to the customer. Revenue is recognised based on the price specified in the contract, net of rebates and discounts.

3. Significant Accounting Policies (Cont'd)

(t) Revenue Recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

(b) Property development

The Group recognises revenue from property development over time when control over the property has been transferred to the customers. The properties have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue is recognised over the period of the contract using cost-to-cost method to measure the progress towards complete satisfaction of the performance obligations under the sale and purchase agreement.

The Group becomes entitled to invoice customers for construction of promised properties based on achieving a series of performance-related milestones (i.e. progress billing). The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised todate, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

Revenue from sales of completed properties is recognised at a point in time, being when the control of the properties has been passed to the purchasers. And, it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the properties sold.

(c) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(d) Sale of other services

The Group offers its customers the option of purchasing other services along with the purchase of merchandise. Revenue is allocated to the service obligations and recognised over the period of performance of services to customers. When consideration is collected from customer in advance of services being performed, a contract liability is recognised. The contract liability would be recognised as revenue when the related services is rendered.

3. Significant Accounting Policies (Cont'd)

(t) Revenue Recognition (Cont'd)

(ii) Rental and fleet management service income

Rental and fleet management service income are recognised on a straight-line basis over lease term.

(iii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(v) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. Property, Plant and Equipment

	At valuation/cost							
	Freehold land RM	Leasehold land RM	Buildings RM	Machinery and factory equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Group								
2019								
Valuation								
At 1 April 2018	18,900,000	3,024,030	19,029,390	–	–	–	–	40,953,420
Revaluation surplus	1,400,000	–	2,149,167	–	–	–	–	3,549,167
Elimination of accumulated depreciation on revaluation	–	(126,182)	(2,041,649)	–	–	–	–	(2,167,831)
At 31 March 2019	20,300,000	2,897,848	19,136,908	–	–	–	–	42,334,756
Cost								
At 1 April 2018	–	–	–	21,834,387	4,265,165	9,622,489	411,345	36,133,386
Additions	–	–	–	52,074	33,416	–	–	85,490
Disposals	–	–	–	(322,500)	–	(208,457)	–	(530,957)
Written off	–	–	–	–	(4,926)	–	–	(4,926)
At 31 March 2019	–	–	–	21,563,961	4,293,655	9,414,032	411,345	35,682,993
Accumulated depreciation								
At 1 April 2018	–	84,837	1,531,237	19,164,062	3,699,045	8,852,285	–	33,331,466
Charge for the financial year	–	41,345	510,412	1,251,214	130,931	235,364	–	2,169,266
Elimination of accumulated depreciation on revaluation	–	(126,182)	(2,041,649)	–	–	–	–	(2,167,831)
Disposal	–	–	–	(318,107)	–	(208,457)	–	(526,564)
Written off	–	–	–	–	(1,231)	–	–	(1,231)
At 31 March 2019	–	–	–	20,097,169	3,828,745	8,879,192	–	32,805,106
Accumulated impairment loss								
At 1 April 2018/ At 31 March 2019	–	–	–	70,850	–	–	–	70,850
Carrying amount								
At 31 March 2019	20,300,000	2,897,848	19,136,908	1,395,942	464,910	534,840	411,345	45,141,793

4. Property, Plant and Equipment (Cont'd)

	At valuation/cost							
	Freehold land RM	Leasehold land RM	Buildings RM	Machinery and factory equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Group								
2018								
Valuation								
At 1 April 2017	18,900,000	3,024,030	19,133,000	–	–	–	–	41,057,030
Written off	–	–	(103,610)	–	–	–	–	(103,610)
31 March 2017	18,900,000	3,024,030	19,029,390	–	–	–	–	40,953,420
Cost								
At 1 April 2017	–	–	–	26,725,908	4,049,458	10,269,544	231,820	41,276,730
Additions	–	–	–	285,168	225,530	8,000	179,525	698,223
Disposals	–	–	–	(5,176,689)	–	(466,870)	–	(5,643,559)
Written off	–	–	–	–	(9,823)	(188,185)	–	(198,008)
At 31 March 2018	–	–	–	21,834,387	4,265,165	9,622,489	411,345	36,133,386
Accumulated depreciation								
At 1 April 2017	–	43,492	1,026,426	21,236,477	3,528,952	9,117,791	–	34,953,138
Charge for the financial year	–	41,345	510,879	2,124,231	173,021	280,274	–	3,129,750
Disposals	–	–	–	(4,196,646)	–	(433,990)	–	(4,630,636)
Written off	–	–	(6,068)	–	(2,928)	(111,790)	–	(120,786)
At 31 March 2018	–	84,837	1,531,237	19,164,062	3,699,045	8,852,285	–	33,331,466
Accumulated impairment loss								
At 1 April 2017	–	–	–	316,435	–	–	–	316,435
Disposals	–	–	–	(245,585)	–	–	–	(245,585)
At 31 March 2018	–	–	–	70,850	–	–	–	70,850
Carrying amount								
At 31 March 2018	18,900,000	2,939,193	17,498,153	2,599,475	566,120	770,204	411,345	43,684,490

4. Property, Plant and Equipment (Cont'd)

	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Company			
2019			
Costs			
At 1 April 2018/At 31 March 2019	281,921	92,637	374,558
Accumulated depreciation			
At 1 April 2018	241,978	92,637	334,615
Charge for the financial year	15,333	–	15,333
At 31 March 2019	257,311	92,637	349,948
Carrying amount			
At 31 March 2019	24,610	–	24,610
2018			
Costs			
At 1 April 2017	277,155	92,637	369,792
Additions	4,766	–	4,766
At 31 March 2018	281,921	92,637	374,558
Accumulated depreciation			
At 1 April 2017	223,038	92,637	315,675
Charge for the financial year	18,940	–	18,940
At 31 March 2018	241,978	92,637	334,615
Carrying amount			
At 31 March 2018	39,943	–	39,943

(a) Assets held under finance leases

The carrying amount of property, plant and equipment of the Group acquired under finance lease are as follows:

	Group	
	2019 RM	**2018 RM**
Machinery and factory equipment	135,552	349,252
Motor vehicles	380,881	565,400
	516,433	914,652

Leased assets are pledged as security for the related finance lease payables.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. Property, Plant and Equipment (Cont'd)

(b) Assets pledged as securities to financial institutions

The carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 18 are:

	Group	
	2019 RM	2018 RM
Freehold land	20,300,000	18,900,000
Leasehold land	1,597,143	1,617,108
Buildings	19,136,908	17,498,153
	41,034,051	38,015,261

(c) The title deed to the leasehold land stated at valuation has not been issued as the master title is still in the custody of the Lands and Surveys Department of Sabah, for subdivision.

(d) Valuation of freehold land, leasehold land and buildings

Freehold land, leasehold land and building of the subsidiary companies were revalued on 18 February 2019, by independent professional valuers. The fair value of land was determined based on market comparable approach that reflects recent transaction price for similar properties. The fair value of the buildings was determined using the cost approach that reflects the cost to a market particopant to construct assets of comparable utility and age, adjusted for obcolescence.

Details of the Group's freehold land, leasehold land and buildings and information about the fair value hierarchy as follows:

	Level 1 RM	Level 2 RM	Level 3 RM
Group			
Freehold land	–	20,300,000	–
Leasehold land	–	2,897,848	–
Buildings	–	19,136,908	–
	–	42,334,756	–

There is no transfer between Level 1 and 2 fair values during the financial year.

4. Property, Plant and Equipment (Cont'd)

(d) Valuation of freehold land, leasehold land and buildings (Cont'd)

Had the freehold, leasehold land and buildings been carried at historical cost less accumulated depreciation, their carrying amounts would be as follows:

	Freehold land RM	Leasehold land RM	Buildings RM
Group			
2019			
Cost	10,609,431	2,198,549	16,624,888
Accumulated depreciation	–	(151,596)	(5,518,569)
	10,609,431	2,046,953	11,106,319
2018			
Cost	10,609,431	2,198,549	16,624,888
Accumulated depreciation	–	(120,857)	(5,187,132)
	10,609,431	2,077,692	11,437,756

5. Investment Properties

	Freehold land RM	Buildings RM	Total RM
Group and Company			
At fair value			
At 1 April 2018/ At 31 March 2019	27,700,000	1,100,000	28,800,000
At 1 April 2017/ At 31 March 2018	27,700,000	1,100,000	28,800,000

(a) Fair value basis of investment properties

The investment properties are valued annually at fair value based on market values determined by independent qualified valuers amounting to RM28,800,000 (2018: RM28,800,000). The independent professional qualified valuers hold recognised relevant professional qualifications and have recent experience in the locations and segment of the investment properties valued. The fair value measurement of the investment properties are based on the highest and best use. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and property size. The most significant input into this valuation approach is price per square foot of comparable properties.

There were no transfer between levels during current and previous financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. Investment Properties (Cont'd)

(b) Income and expenses recognised in profit or loss

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

	2019 RM	2018 RM
Group		
Direct operating expenses:		
- income generating investment properties	(12,694)	(14,279)
Company		
Rental income	–	10,000
Direct operating expenses:		
- income generating investment properties	(12,694)	(14,279)

6. Investments in Subsidiary Companies

	Company 2019 RM	Company 2018 RM
In Malaysia		
At cost		
Unquoted shares	70,008,238	69,008,240
Less: Accumulated impairment losses	(25,825,437)	(25,825,437)
	44,182,801	43,182,803
Outside Malaysia		
At cost		
Unquoted shares	1,146,087	1,146,087
Less: Accumulated impairment losses	(1,146,086)	(1,146,086)
	1	1
	44,182,802	43,182,804

In previous the financial year, the Company carried out a review of the recoverable amounts due to declining business operation of certain subsidiary companies. The recoverable amounts are estimated based on fair value less costs of disposal at Nil. An impairment loss amounting to RM50,006 was recognised in administrative expenses in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. Investments in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of Incorporation	Effective interest 2019 %	Effective interest 2018 %	Principal activities
Direct holding:				
Boon Koon Vehicles Industries Sdn. Bhd. ("BKVI")	Malaysia	100	100	Manufacturing and assembling of rebuilt commercial vehicles and the provision of related services
Boon Koon Motors Sdn. Bhd. ("BKM")	Malaysia	100	100	Sale of commercial vehicles and the provision of related services
Boon Koon Vehicles Pte. Ltd.* ("BKVPL")	Singapore	100	100	Sale of commercial vehicles, motor vehicles accessories and the provision of related services
BKCV Sdn. Bhd.("BKCV")	Malaysia	100	100	Manufacturing and assembling of new commercial vehicles
BK Fleet Management Sdn. Bhd. ("BK Fleet")	Malaysia	100	100	Sale and rental of commercial vehicles, provision of fleet management and other related services
Boon Koon Fleet Management Sdn. Bhd. ("BKFM")	Malaysia	100	100	Forklift and equipment rental business and the provision of repairs and maintenance services
BKSP Autoworld Sdn. Bhd. ("BKSP")	Malaysia	100	100	Provision of repair and maintenance service for forklifts, reach trucks, heavy machineries commercial vehicles and others
Boon Koon Commercial Sdn. Bhd. ("BKC")	Malaysia	100	100	Sales of reconditioned, rebuilt, used and new commercial vehicles and other related services
BKG Development Sdn.Bhd. ("BKGD")	Malaysia	100	100	Property development
Boon Koon Capital Sdn. Bhd. ("BK Capital")	Malaysia	100	100	Investment holding
BK Alliance Sdn. Bhd. ("BKA")	Malaysia	100	100	Sale of commercial vehicles and the provision of related services

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. Investments in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows (Cont'd):

Name of company	Place of business/ Country of Incorporation	Effective interest 2019 %	Effective interest 2018 %	Principal activities
Indirect holding:				
Subsidiary company of Boon Koon Vehicles Industries Sdn. Bhd.:				
BKGM Industries Sdn. Bhd. ("BKGM")	Malaysia	100	100	Provision of sub-contractor services to the commercial vehicle industry
BK Sepadu Sdn. Bhd. ("BK Sepadu")	Malaysia	62.50	62.50	Sale of commercial vehicle and provision of related services
Subsidiary company of BKG Development Sdn. Bhd.:				
BKHS Capital Sdn. Bhd. ("BKHS") #	Malaysia	50	50	Property development

* Subsidiary company not audited by UHY

\# Although the Group own less than 51% of the ownership in BKHS Capital Sdn. Bhd ("BKHS") and less than 51% of their voting power, the Directors have determined that the Group controls this entity. The Group controls BKHS by virtue of the Group controlling the composition of the Board of Directors of BKHS.

(a) Material partly-owned subsidiary companies

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests 2019 %	2018 %	Loss allocated to non-controlling interests 2019 RM	2018 RM	Accumulated non-controlling interests 2019 RM	2018 RM
BKHS	50	50	(18,041)	(15,064)	116,686	134,727
BK Sepadu	37.5	37.5	(4,966)	(10,847)	267,881	272,847
Total non-controlling interests					384,567	407,574

6. Investments in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies (Cont'd)

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	BKHS		BK Sepadu	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Summarised statements of financial position				
Non-current assets	695,295	695,295	–	–
Current assets	1,544,125	1,456,321	602,726	618,970
Non-current liabilities	(802,199)	(828,863)	–	–
Current liabilities	(1,393,028)	(1,242,478)	(2,000)	(5,000)
Net assets	44,193	80,275	600,726	613,970
Summarised statements of profit or loss and other comprehensive income				
Revenue	–	–	–	1,292,000
Loss for the financial year	(36,082)	(30,128)	(13,244)	(28,925)
Total comprehensive loss for the financial year	(36,082)	(30,128)	(13,244)	(28,925)

	BKHS		BK Sepadu	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Summarised statements of cash flows				
Net cash (used in)/ generated from operating activities	(112,891)	(72,701)	(24,735)	1,272,561
Net cash from investing activities	–	–	8,123	39,098
Net cash from/(used in) financing activities	122,159	(22,820)	–	(1,013,792)
Net increase/(decrease) in cash and cash equivalants	9,268	(95,521)	(16,612)	297,867

6. Investments in Subsidiary Companies (Cont'd)

(b) Disposal of subsidiary companies

In previous financial year

(i) PT Boon Koon Continental ("PTBKC")

On 30 September 2017, Boon Koon Vehicles Pte. Ltd. had closed the operation of its subsidiary company, PTBKC and application for dissolution was submitted on 24 April 2018. PTBKC received a letter from the Indonesia Ministry of Law and Human Rights ("IMLHR") confirming that PTBKC was struck off from the Register of Company of IMLHR with effect from 5 March 2018. As such, the Company recognised a loss on disposal of RM186,590 in previous financial year.

The effect of disposal of PTBKC on the financial position of the Group as at the date of disposal are as follow:

	2018 RM
Group	
Foreign currency translation reserve	343,351
Less: Non-controlling interests	(156,761)
Loss on disposal	186,590

(ii) Boon Koon Japan Co. Ltd. ("BK Japan")

On 26 July 2017, Boon Koon Vehicle Industries Sdn. Bhd.("BKVI") disposed of its 60% equity interest in BK Japan for a cash consideration of RM247,000, which had resulted a gain of RM6,029. The subsidiary company was previously reported as part of the manufacturing and trading segment.

The effect of disposal of BK Japan on the financial position of the Group as at the date of the disposal are as follow:

	2018 RM
Group	
Trade and other receivables	572,143
Cash and bank balances	943,682
Trade and other payables	(1,012,532)
Tax payable	(88,593)
Foreign currency translation reserve	(13,082)
Net assets	401,618
Less: Non-controlling interests	(160,647)
Total net assets disposed	240,971
Less: Cash proceeds from disposal	(247,000)
Gain on disposal	(6,029)
Proceeds from disposal	247,000
Less: Cash and cash balances disposed	(943,682)
Net cash outflows from disposal	(696,682)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. Investments in Subsidiary Companies (Cont'd)

(c) Acquisition of subsidiary companies

During the financial year

(i) On 23 January 2019, the Company subscribed additional 999,998 new ordinary shares in a wholly-owned subsidiary company, BKG Development Sdn. Bhd. ("BKGD") for a total cash consideration of RM999,998.

(ii) On 10 December 2018, a wholly owned subsidiary company of the Company, BKGD entered into Share Sale Agreement to acquire remaining 50% equity interest in BKHS Capital Sdn. Bhd. ("BKHS") for a total cash consideration of RM525,870. The acquisition was completed on 3 May 2019 and since then BKHS become a wholly-owned subsidiary company of BKGD.

7. Investment in Associate Company

	Group	
	2019 RM	2018 RM
Unquoted shares		
At cost	900,000	900,000
Share of post-acquisition reserves	(900,000)	(900,000)
	–	–

Details of the associate company are as follows:

Name of company	Place of business/ Country of Incorporation	Effective interest 2019 %	Effective interest 2018 %	Principal activities
Held through BKCV Sdn. Bhd.				
CNMY Truck Sdn. Bhd.	Malaysia	30	30	Trading in new commercial vehicles and the provision of related services

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. Investment in Associate Company (Cont'd)

The summarised financial information of the Group's material associate company ie. CNMY Truck Sdn. Bhd. ("CNMY") is set out below:

(a) Summarised statements of financial position

	CNMY	
	2019 RM	**2018 RM**
Non-current assets	3	3
Current assets	15,874	932
Current liabilities	(441,942)	(420,800)
Net liabilities	(426,065)	(419,865)
Interest in associate company	30%	30%
Group's share of net assets	(127,820)	(125,960)
Elimination of unrealised profits	(2,231)	(2,231)
Unrecognised of share of loss	130,051	128,191
Carrying value of Group's interest in associate company	–	–

(b) Summarised statements of profit or loss and other comprehensive income

	CNMY	
	2019 RM	**2018 RM**
Loss for the financial year, representing total comprehensive loss for the financial year	(6,200)	(3,351,823)

The Group has not recognised losses related to CNMY, totalling RM1,860 (2018: RM128,191) and cummulatively RM130,051 (2018: RM128,191). Since the Group has no obligation in respect of these losses.

8. Inventories

	Group	
	2019 RM	**2018 RM**
Non-current asset		
Land held for property development	884,475	884,475
Current assets		
Property development cost	38,166,420	19,406,359
Other inventories	22,492,306	32,368,283
	60,658,726	51,774,642

8. Inventories (Cont'd)

(a) Land held for property development

	Group 2019 RM	Group 2018 RM
Non-current		
Freehold land		
At 1 April/31 March	884,475	884,475

(b) Property development costs

	Group 2019 RM	Group 2018 RM
Current		
Freehold land, at cost		
At 1 April/At 31 March	1,205,617	1,205,617
Property development costs		
At 1 April	33,363,362	186,547
Additions	52,640,339	33,176,815
At 31 March	86,003,701	33,363,362
Cost recognised in profit or loss		
At 1 April	15,162,620	–
Recognised during the financial year	33,880,278	15,162,620
At 31 March	49,042,898	15,162,620
Total property development costs	38,166,420	19,406,359

(i) The property development costs of the Group represent expenditures incurred in relation to the mixed residential and commercial development.

BKG Development Sdn. Bhd. ("BKGD"), a wholly-owned subsidiary company, has entered into the Joint Development Agreement with Platinum Eminent Sdn. Bhd. for the implementation and completion of the Development Project on the leasehold land owned by Platinum Eminent Sdn. Bhd.. BKGD shall be effectively entitled 60% of the gross development profits of the development project as disclosed in Note 27.

(ii) Included in the property development costs incurred during the financial year are the following:

	Group 2019 RM	Group 2018 RM
Finance costs (Note 22)	42,206	42,181
Participation fee	–	20,000,000

(iii) The freehold land of RM2,090,092 (2018: RM2,090,092) is pledged to a licensed bank as securities for banking facility granted to a subsidiary company as disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. Inventories (Cont'd)

(c) Other inventories

	Group 2019 RM	Group 2018 RM
At cost		
Raw materials	1,992,266	2,234,868
Work-in-progress	1,861,071	2,114,952
Finished goods	11,598,053	19,909,389
	15,451,390	24,259,209
At net realisible value		
Raw materials	1,724,413	1,734,731
Work-in-progress	1,703,690	1,756,219
Finished goods	3,612,813	4,618,124
	7,040,916	8,109,074
	22,492,306	32,368,283
Recognised in profit or loss:		
Inventories recognised as cost of sales	99,253,393	91,784,646
Inventories written down	–	11,370,677

The Group has written down slow moving obsolete inventories amounting to Nil (2018: RM11,370,677) respectively during the financial year. The amount written down has been included in cost of sales.

9. Deferred Tax Assets/(Liabilities)

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Deferred tax assets:				
At 1 April	4,558,430	3,626,901	–	–
Recognised in profit or loss	(2,293,022)	564,599	–	–
Under provision in prior years	422,152	366,930	–	–
At 31 March	2,687,560	4,558,430	–	–
Deferred tax liabilities:				
At 1 April	(5,141,972)	(5,220,908)	(1,087,574)	(1,087,574)
Recognised in other comprehensive income				
- Deferred tax liabilities arising from revaluation of land and buildings	(585,800)	–	–	–
Recognised in profit or loss	1,737,951	(265,786)	–	–
Under provision in prioryears	90,033	344,722	–	–
At 31 March	(3,899,788)	(5,141,972)	(1,087,574)	(1,087,574)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. Deferred Tax Assets/(Liabilities) (Cont'd)

The net deferred tax assets and liabilities shown on the statement of financial position after appropriate offsetting are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Deferred tax assets:				
Unutilised tax losses	2,687,560	4,203,006	2,687,560	4,203,006
Unabsorbed capital allowances	–	355,424	–	355,424
	2,687,560	4,558,430	2,687,560	4,558,430
Deferred tax liabilities:				
Fair value change on investment properties	(1,162,941)	(1,162,941)	(1,162,941)	(1,162,941)
Revaluation surplus on property, plant and equipment	(2,736,847)	(3,979,031)	(2,736,847)	(3,979,031)
	(3,899,788)	(5,141,972)	(3,899,788)	(5,141,972)

The components and movements of deferred tax liabilities and assets are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Deferred tax assets:				
Unutilised tax losses				
At 1 April	4,203,006	3,391,488	–	–
Recognised in profit or loss	(708,023)	444,588	–	–
Under provision in prior years	422,152	366,930	–	–
At 31 March	3,917,135	4,203,006	–	–
Unabsorbed capital allowances				
At 1 April	355,424	235,413	–	–
Recognised in profit or loss	(355,424)	120,011	–	–
At 31 March	–	355,424	–	–
	3,917,135	4,558,430	–	–

9. Deferred Tax Assets/(Liabilities) (Cont'd)

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Deferred tax liabilities:				
Deferred tax on fair value changes in investment properties				
At 1 April/At 31 March	1,162,941	1,162,941	1,087,574	1,087,574
Revaluation surplus on property, plant and equipment				
At 1 April	(2,089,393)	(2,137,301)	–	–
Recognised in other comprehensive income	(585,800)	–	–	–
Recognised in profit or loss	(61,654)	47,908	–	–
At 31 March	(2,736,847)	(2,089,393)	–	–
Accelerated capital allowances				
At 1 April	(1,889,638)	(1,920,666)	–	–
Recognised in profit or loss	570,030	(313,694)	–	–
Over provision in prior years	90,033	344,722	–	–
At 31 March	(1,229,575)	(1,889,638)	–	–

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

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Unutilised tax losses	15,634,400	15,996,900	–	–
Unabsorbed capital allowances	878,000	891,900	–	–
	16,512,400	16,888,800	–	–

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

10. Trade Receivables

	Group 2019 RM	Group 2018 RM
Trade receivables	81,564,697	50,517,380
Less: Accumulated impairment losses	(9,892,618)	(5,813,969)
	71,672,079	44,703,411

Trade receivables are non-interest bearing and are generally on 30 to 210 days (2018: 30 to 210 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables are the following:

(i) an amount of RM42,590,032 (2018: RM18,747,752) due from Platinum Eminent Sdn. Bhd., a company in which certain Directors of the Company have significant financial interest. The trade receivables are recognised at their original certificate of claimed amounts which represent their fair value on initial recognition.

(ii) Included in trade receivables is an amount of RM316,712 (2018: RM316,712) due from associate company, CNMY Truck Sdn. Bhd..

Movements in the allowance for impairment losses are as follows:

	Group 2019 RM	Group 2018 RM
At 1 April	5,813,969	5,635,067
Effect of adopting MFRS 9	3,734,566	–
	9,548,535	5,635,067
Impairment losses recognised	499,532	307,763
Impairment losses reversed	(155,449)	(128,861)
At 31 March	9,892,618	5,813,969

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

10. Trade Receivables (Cont'd)

The aged analysis of trade receivables as at the end of the reporting period:

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
2019			
Neither past due nor impaired	30,920,409	(1,703,504)	29,216,905
Past due not impaired:			
Less than 30 days	3,998,019	(19,767)	3,978,252
31 to 60 days	1,565,177	(12,009)	1,553,168
61 to 90 days	5,618,553	(25,630)	5,592,923
More than 90 days	33,569,940	(2,239,109)	31,330,831
	44,751,689	(2,296,515)	42,455,174
	75,672,098	(4,000,019)	71,672,079
Individual impaired	5,892,599	(5,892,599)	–
	81,564,697	(9,892,618)	71,672,079
2018			
Neither past due nor impaired	31,099,160	–	31,099,160
Past due not impaired:			
Less than 30 days	1,397,443	–	1,397,443
31 to 60 days	632,782	–	632,782
61 to 90 days	675,094	–	675,094
More than 90 days	10,898,932	–	10,898,932
	13,604,251	–	13,604,251
	44,703,411	–	44,703,411
Individual impaired	5,813,969	(5,813,969)	–
	50,517,380	(5,813,969)	44,703,411

As at 31 March 2019, trade receivables of the Group amounting to RM42,455,174 (2018: RM13,604,251) were past due but not impaired. These relate to a number of customers from whom there is no recent history of default.

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

The trade receivables of the Group that are individually assess to be impaired amounting to RM5,892,599 (2018: RM5,813,969) related to customers have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

11. Other Receivables

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Other receivables	105,768	318,889	2,675	2,204
Less: Accumulated impairment losses	(110)	(110)	–	–
	105,658	318,779	2,675	2,204
Deposits	11,327,899	10,433,945	4,500	4,500
Prepayments	348,335	432,736	12,643	11,304
GST recoverable	509,093	527,787	2	10,123
	12,290,985	11,713,247	19,820	28,131

Movements in the allowance for impairment losses are as follows:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
At 1 April	110	25,660	–	–
Amount written off	–	(25,550)	–	–
At 31 March	110	110	–	–

Included in the Group's deposits is the following:

(i) an amount of RM7,930,256 (2018: RM9,855,902) are related to deposits paid for purchase of raw materials.

(ii) an amount of RM525,870 (2018: Nil) paid for purchase consideration of acquisition of investment in BKHS. (Note 6)

12. Amount Due from/(to) Subsidiary Companies

	Company 2019 RM	Company 2018 RM
Amount due from subsidiary companies		
Non-trade, Non-interest bearing	29,715,194	24,794,396
Less: Accumulated impairment losses	(1,521,345)	(832,492)
	28,193,849	23,961,904
Amount due to subsidiary companies		
Non-trade, Non-interest bearing	(30,627,946)	(27,918,112)

Movements in the allowance for impairment losses are as follows:

	Company 2019 RM	Company 2018 RM
At 1 April	832,492	1,130,145
Impairment losses recognised	688,853	51,038
Impairment losse reversed	–	(348,691)
At 31 March	1,521,345	832,492

The amount due from/(to) subsidiary companies is non-trade in nature, unsecured, interest free advances and are repayable on demand.

13. Fixed Deposits with Licensed Banks

The fixed deposits of the Group is pledged to licensed banks as security for bank facilities granted to the Group as disclosed in Note 18.

The interest rates of deposits are 3.10 % (2018: 2.90%) per annum and the maturities of deposits is 365 (2018: 365) days.

14. Cash and Bank Balances

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash and bank balances	2,890,243	3,696,432	150,898	285,776
Short-term funds with licensed financial institutions	7,615,000	4,876,680	–	4,376,680
	10,505,243	8,573,112	150,898	4,662,456

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. Cash and Bank Balances (Cont'd)

The effective interest rate per annum as at the end of the reporting period are as follows:

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Short-term funds with licensed financial institutions	2.30% - 2.45%	2.30%	–	2.30%

The maturity/redemption period as at the end of the reporting period are as follows:

	Group		Company	
	2019	2018	2019	2018
Short-term funds with licensed financial institutions	3 - 10 days	3 - 5 days	–	5 days

15. Share Capital

	Group and Company			
	Number of shares		Amount	
	2019 Units	2018 Units	2019 RM	2018 RM
Ordinary shares with no par value				
Issued and fully paid				
At 1 April	297,110,900	276,750,000	62,448,653	55,350,000
Shares issued during the financial year	–	10,000,000	–	4,400,000
Warrants exercised	–	10,360,900	–	2,698,653
At 31 March	297,110,900	297,110,900	62,448,653	62,448,653

In previous financial year, the Company issued:

(i) 10,000,000 ordinary shares at RM0.44 each for a total cash consideration of RM4,400,000 for the new venture in property development; and

(ii) 10,360,900 new ordinary shares through conversion of Warrants at an exercise price of RM0.20 for a total cash consideration of RM2,072,180.

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

The holders of ordinary shares (other than treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares (other than treasury shares) carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

15. Share Capital (Cont'd)

Treasury Shares

	Group and Company			
	Number of shares		Amount	
	2019 Units	2018 Units	2019 RM	2018 RM
At 1 April	–	–	–	–
Purchase of own shares	700,000	–	255,208	–
At 31 March	700,000	–	255,208	–

Treasury shares related to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares.

During the financial year, the Company repurchased a total of 700,000 (2018: Nil) of its issued ordinary shares from the open market at an average price RM0.36 (2018: Nil) per share. The total consideration paid for the repurchase was RM255,208 (2018: Nil). The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127(4) of the Companies Act, 2016.

As at 31 March 2019, the total shares held as treasury shares amounted to 700,000 ordinary shares at a total cost of RM255,208.

None of the treasury shares held were resold or cancelled during the financial year.

16. Reserves

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Non-distributable:					
- Warrant reserve	(a)	7,740,387	7,740,387	7,740,387	7,740,387
- Foreign currency translation reserve	(b)	176,356	177,632	–	–
- Capital reserve	(c)	(27,934)	(27,934)	–	–
- Revaluation reserve	(d)	16,000,984	13,179,707	–	–
		23,889,793	21,069,792	7,740,387	7,740,387

16. Reserves (Cont'd)

The nature of other reserves of the Group and of the Company are as follows:

(a) Warrant reserve

The warrant reserve is in respect of the allocated fair value of the 138,375,000 warrants issued pursuant to the Company's right issue exercise.

The fair value allocated to the warrant reserve is derived by adjusting the proceeds from the Company's rights issue to the fair value of the shares and warrants on a proportionate basis. A charge to the retained profits is created by the same amount to preserve the par value of the ordinary shares (prior to Companies Act, 2016) issued pursuant to the rights issue. This charge will be reversed upon exercise or expiry of the warrants.

The warrants may be exercised at any time during the tenure of the warrants of ten (10) years including and commencing from the issue date of the warrants and ending on the expiry date, 7 July 2023. Each warrant carries the entitlement to subscribe for one (1) new ordinary share in the Company at the exercise price of RM0.20 which shall be satisfied fully in cash and shall be subject to adjustments in accordance with the Deed Poll.

Subject to the provision in the Deed Poll, the exercise price and the number of warrants held by each warrant holder shall be adjusted by the Board of Directors of the Company in consultation with the adviser and certification of the external auditor in the event of addition to the share capital of the Company.

As at 31 March 2019, the total number of Warrants that remain unexercised were 128,014,100 (2018: 128,014,100).

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Capital reserve

Capital reserve represents the premium paid/discount on acquisition of additional equity interest in an existing subsidiary company from non-controlling interest.

(d) Revaluation reserve

This is in respect of revaluation surplus net of deferred tax arising from the revaluation of the Group's freehold land, leasehold land and buildings and is non-distributable.

The movements of revaluation reserve are as follows:

	Group	
	2019 RM	**2018 RM**
At 1 April	13,179,707	13,331,484
Revaluation of land and buildings (net of tax)	2,963,367	–
Realisation of revaluation reserve	(142,090)	(151,777)
At 31 March	16,000,984	13,179,707

17. Contract Liabilities

	Group	
	2019	2018
Non-current	RM	RM
Contract liabilities		
Deferred income:		
- Extended warranty and services	56,058	–
Current		
Contract liabilities		
Property development activities	264,053	–
Deferred income:		
- Extended warranty and services	18,666	–
	282,719	–
At 31 March		
Contract liabilities	338,777	–

Property development activities

	Group	
	2019 RM	2018 RM
At 1 April	–	–
Property development revenue recognised during the financial year	39,886,045	18,747,752
Less: Billings during the financial year	(40,150,098)	(18,747,752)
At 31 March	(264,053)	–
Presented as:		
Contract liabilities	(264,053)	–

Contract liabilities consist of billings in excess of revenue recognised, this amount is expected to be recognised as revenue over a period of 90 days.

Contract value yet to be recognised as revenue

The followings table shows the revenue expected to be recognised in the future relating to performance obligations that were unsatisfied (or partially satisfied) at the reporting date:

	2020 RM	2021 RM	2022 RM	Total RM
Property development activities	64,376,564	64,376,564	–	128,753,128
Deferred Income	18,665	18,665	37,393	74,723
	64,395,229	64,395,229	37,393	128,827,851

18. Bank Borrowings

	Group 2019 RM	Group 2018 RM
Secured		
Banker's acceptances (Note a)	30,209,000	21,937,000
Finance lease payables (Note b)	452,930	923,588
Term loans (Note a)	828,407	851,135
	31,490,337	23,711,723
Analysed as:		
Non-current		
Finance lease payables	173,363	507,780
Term loans	802,199	828,863
	975,562	1,336,643
Current		
Banker's acceptances	30,209,000	21,937,000
Finance lease payables	279,567	415,808
Term loans	26,208	22,272
	30,514,775	22,375,080
	31,490,337	23,711,723

(a) Bank borrowings

The term loans and banker's acceptances are secured by the following:

(i) Legal charge over the freehold and leasehold land, land held for development, land held under property development cost and buildings of subsidiary companies as disclosed in Note 4 and 8 respectively; and

(ii) Corporate guarantee by the Company and a related company.

(iii) Personal guarantees by a Director and his family members.

(iv) Pledge of fixed deposit of the Group as disclosed in Note 13.

18. Bank Borrowings (Cont'd)

(a) Bank borrowings (Cont'd)

Maturity of bank borrowings is as follows:

	Group	
	2019 RM	**2018 RM**
Within one year	30,235,208	21,959,272
Between one to two years	24,043	24,128
Between two to five years	92,055	85,025
After five years	686,101	719,710
	31,037,407	22,788,135

(b) Finance lease payables

	Group	
	2019 RM	**2018 RM**
Minimum lease payments:		
Within one year	296,642	457,577
Between one to two years	161,030	401,526
Between two to five years	17,160	132,420
	474,832	991,523
Less: Future finance charges	(21,902)	(67,935)
Present value of minimum lease payments	452,930	923,588
Present value of minimum lease payments:		
Within one year	279,567	415,808
Between one to two years	156,340	378,157
Between two to five years	17,023	129,623
	452,930	923,588
Analysed as:		
Repayable within twelve months	279,567	415,808
Repayable after twelve months	173,363	507,780
	452,930	923,588

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. Bank Borrowings (Cont'd)

(c) The average effective interest rates per annum are as follows:

	Group	
	2019	**2018**
	%	**%**
Banker's acceptances	3.43% - 4.15%	3.46% - 4.16%
Finance lease payables	2.37% - 3.90%	2.37% - 3.90%
Term loans	7.97%	7.78%

19. Trade Payables

	Group	
	2019	**2018**
	RM	**RM**
Trade payables	64,091,959	36,176,566

(a) Included in trade payables is an amount of RM924,650 (2018: RM924,650) due to an associate company, CNMY Truck Sdn. Bhd..

(b) The normal trade credit terms granted to the Group range from 30 to 120 days (2018: 30 to 120 days). Other credit terms are assessed and approved on a case by case basis.

(c) Included in trade payables in an amount of RM48,959,630 (2018: RM13,134,634) due to Platinum Eminent Sdn. Bhd., a company in which certain Directors of the Company have significant financial interests.

20. Other Payables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Other payables	3,864,507	2,890,832	349	13,687
Accruals	2,666,767	3,132,971	89,050	89,306
Deposits received	8,219,958	8,830,267	–	–
GST payables	49,938	54,205	–	–
	14,801,170	14,908,275	89,399	102,993

The deposits received from customers are for purchase of goods and are non-refundable.

21. Revenue

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue from contract customers:				
Sales of commercial vehicles and body works	107,655,858	101,019,053	–	–
Rental and fleet management service income	3,866,642	4,654,263	–	–
Property development	39,886,045	18,747,752	–	–
Insurance commission income	–	119	–	–
Management fee income	–	–	684,000	697,000
	151,408,545	124,421,187	684,000	697,000
Revenue from other sources:				
Interest income	8,022	224,966	8,022	224,966
Rental income	19,250	–	19,250	10,000
	27,272	224,966	27,272	234,966
	151,435,817	124,646,153	711,272	931,966

	Manufacturing and trading RM	Rental and fleet management services RM	Property development RM	Others RM	Total RM
Group					
2019					
Timing of revenue recognition:					
At a point in time	102,882,245	3,866,642	–	–	106,748,887
Over time	4,773,613	–	39,886,045	–	44,659,658
Total revenue from contracts with customers	107,655,858	3,866,642	39,886,045	–	151,408,545
2018					
Timing of revenue recognition:					
At a point in time	101,019,053	4,654,263	–	119	105,673,435
Over time	–	–	18,747,752	–	18,747,752
Total revenue from contracts with customers	101,019,053	4,654,263	18,747,752	119	124,421,187

21. Revenue (Cont'd)

	Management fee income RM
Company	
2019	
Timing of revenue recognition:	
At a point in time	684,000
2018	
Timing of revenue recognition:	
At a point in time	697,000

22. Finance Costs

	Group	
	2019 RM	**2018 RM**
Interest expenses on:		
Bank overdraft	3,443	–
Banker's acceptances	1,019,159	1,140,108
Finance lease	37,492	70,933
Term loans	66,547	66,509
	1,126,641	1,277,550
Less: Finance costs capitalised in property development costs [Note 8 (b)(ii)]	(42,206)	(42,181)
	1,084,435	1,235,369

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. Profit/(Loss) Before Tax

Profit/(Loss) before tax is derived at after at charging/(crediting):

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Auditors' remuneration				
- statutory audit				
- current year	116,025	111,194	26,000	26,000
- over provision in prior years	(4,000)	(3,000)	–	(3,000)
- other services	5,000	5,000	5,000	5,000
Bad debts written off	8,789	–	–	526,608
Depreciation of property, plant and equipment	2,169,266	3,129,750	15,333	18,940
Non-executive Directors' remuneration				
- fees	78,000	75,500	78,000	75,500
- allowance	3,000	5,000	3,000	5,000
Impairment loss on:				
- investment in subsidiary companies	–	–	–	50,006
- trade receivables	499,532	307,763	–	–
- amount due from subsidiary companies	–	–	688,853	51,038
Inventories written down	–	11,370,677	–	–
Loss on liquidation of a subsidiary company	–	186,590	–	–
Property, plant and equipment written off	3,695	180,832	–	–
Rental of hostel	44,300	27,700	–	2,100
Rental of premises	200,600	261,000	95,600	78,000
Rental of vehicles	74,850	109,727	3,450	36,700
Gain on disposal of:				
-property, plant and equipment	(158,107)	(577,292)	–	–
- investment in subsidiary company	–	(6,029)	–	–
- investment in associate company	–	(15,049,990)	–	–
(Gain)/Loss on foreign exchange				
- realised	(676,691)	(675,398)	–	–
- unrealised	268,009	(701,086)	(567)	2,110
Interest income	(77,834)	(261,789)	(8,022)	(224,966)
Rental income	(90,075)	(105,100)	(19,250)	–
Reversal of impairment loss on:				
- trade receivables	(155,449)	(128,861)	–	–
- amount due from subsidiary companies	–	–	–	(348,691)

24. Taxation

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Tax expenses recognised in profit or loss:				
Current tax provision	2,557,032	1,218,604	–	–
Under/(Over) provision in prior years	414,439	(23,734)	342	94
	2,971,471	1,194,870	342	94
Deferred tax: (Note 9)				
Relating to origination and reversal of temporary differences	555,071	(298,813)	–	–
Over provision in prior years	(512,185)	(711,652)	–	–
	42,886	(1,010,465)	–	–
Tax expenses for the financial year	3,014,357	184,405	342	94

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of chargeable income of the estimated assessable profit for the financial year. Taxation for other jurisdiction is calculated at the rate prevailing in the jurisdiction.

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before tax	6,400,966	9,190,319	(1,743,967)	(2,022,527)
Share of results of associate company	–	783,478	–	–
	6,400,966	9,973,797	(1,743,967)	(2,022,527)

24. Taxation (Cont'd)

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows: (Cont'd)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Taxation at statutory tax rate of 24% (2018: 24%)	1,536,232	2,393,711	(418,552)	(485,406)
Effects of different tax rates in other country	2,220	11,916	–	–
Income not subject to tax	(37,308)	(4,687,878)	–	–
Expenses not deductible for tax purposes	1,699,243	1,476,895	418,552	485,406
Deferred tax assets not recognised	7,331	1,770,024	–	–
Utilisation of previously unrecognised deferred tax asset	(95,615)	–	–	–
Crystalisation of deferred tax on revaluation surplus	–	(44,877)	–	–
Under/(Over) provision of taxation in prior year	414,439	(23,734)	342	94
Over provision of deferred taxation in prior years	(512,185)	(711,652)	–	–
Tax expenses for the financial year	3,014,357	184,405	342	94

The Group and the Company has the following estimated unused tax losses and unabsorbed capital allowance available for set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unutilised tax losses	31,955,800	33,509,400	–	–
Unabsorbed capital allowances	878,000	2,372,800	–	–
	32,833,800	35,882,200	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. Earnings per Share

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year. The weight average number of ordinary shares in issue excludes the weighted average number of treasury shares held by the Company.

	Group	
	2019 RM	**2018 RM**
Profit for the financial year, attributable to owners of the parent	3,409,616	8,933,117
Weighted average number of ordinary shares issue	297,110,900	276,750,000
Effect of ordinary shares issued during the financial year	–	4,613,170
Effect of treasury shares held	(53,114)	–
Weighted average number of ordinary shares at 31 March	297,057,786	281,363,170
Basic earnings per share (in sen)	1.15	3.17

(b) Diluted earnings per share

Diluted earnings per share has been calculated by dividing the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2019 RM	**2018 RM**
Profit for the financial year, attributable to owners of the parent	3,409,616	8,933,117
Weighted average number of ordinary shares used in the calculation of basic earnings per share	297,057,786	281,363,170
Adjustment for assumed conversion of Warrants	68,253,735	75,167,909
Weighted average number of ordinary shares at 31 March (diluted)	365,311,521	356,531,079
Diluted earnings per share (in sen)	0.93	2.51

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. Goodwill on Consolidation

	Group 2019 RM	Group 2018 RM
Cost	1,492,744	1,492,744
Less: Impairment losses	(1,492,744)	(1,492,744)
	–	–

27. Interest in Joint Operation

The details of the joint operation are as follows:

Name of Company	Country of incorporation	Effective Interest 2019 %	Effective Interest 2018 %	Principal activities
Platinum Eminent Sdn. Bhd. *	Malaysia	60	60	Property Development

* Joint ventures not audited by UHY

On 29 June 2017, subsidiary company of the Group, BKG Development Sdn. Bhd. ("BKGD") had entered into a joint venture development agreement with Platinum Eminent Sdn. Bhd. ("Platinum Eminent"), a wholly-owned subsidiary company of Aera Property Group Sdn Bhd (formerly known as Asthetik Property Group Sdn. Bhd.), for the implementation and completion of a mixed residential and commercial development project.

Under the Proposed Joint Development, Platinum Eminent shall implement and complete the Development Project in its capacity as the developer for the Development Project and BKGD shall facilitate the implementation and completion of the Development Project. BKGD is required to pay Platinum Eminent the Participation Fees. In return, BKGD shall be effectively entitled to 60% of the gross development profits of the Development Project estimated at RM93.5 million.

The following are recognised in profit or loss in respect of interest in joint operations:

	2019 RM	2018 RM
Group		
Revenue	39,886,045	18,747,752
Cost of sales	(33,880,278)	(15,162,620)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. Staff Costs

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, wages, allowances and bonus	6,014,565	4,196,342	927,535	1,062,335
Defined contribution plans	605,177	498,471	118,763	129,340
Social security contribution	53,497	48,108	4,522	5,960
Employment insurance system	5,814	1,200	517	152
	6,679,053	4,744,121	1,051,337	1,197,787

Included in the staff costs is aggregate amount of remuneration received and receivables by the Executive Directors of the Company and of the subsidiary companies as shown below:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive Directors				
Company's Directors				
Salaries, wages, allowances and bonus	16,000	1,400	16,000	1,400
Fee	36,000	33,000	36,000	33,000
Defined contribution plans	1,800	–	1,800	–
Social security contribution	69	–	69	–
Employment insurance system	8	–	8	–
	53,877	34,400	53,877	34,400
Past Directors				
Salaries, wages, allowances and bonus	–	151,212	–	151,212
Fee	–	10,000	–	10,000
Defined contribution plans	–	13,467	–	13,467
Social security contribution	–	286	–	286
Benefits-in-kind	–	5,118	–	5,118
	–	180,083	–	180,083

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. Staff Cost (Cont'd)

Included in the staff costs is aggregate amount of remuneration received and receivables by the Executive Directors of the Company and of the subsidiary companies as shown below: (Cont'd)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive Directors				
Subsidiary Company's Directors				
Salaries, wages, allowances and bonus	54,000	51,000	–	–
Fee	12,033	3,065	–	–
	66,033	54,065	–	–
Executive Directors				
Company's Directors	53,877	214,483	53,877	214,483
Subsidiary Company's Directors	66,033	54,065	–	–
	119,910	268,548	53,877	214,483

29. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 April RM	Financing cash flows Note (i) RM	At 31 March RM
Group			
2019			
Banker's acceptances	21,937,000	8,272,000	30,209,000
Finance lease payables	923,588	(470,658)	452,930
Term loans	851,135	(22,728)	828,407
	23,711,723	7,778,614	31,490,337
2018			
Banker's acceptances	28,804,000	(6,867,000)	21,937,000
Finance lease payables	1,345,937	(422,349)	923,588
Term loans	873,955	(22,820)	851,135
	31,023,892	(7,312,169)	23,711,723
Company			
2019			
Amount due to subsidiary companies	27,918,112	2,709,834	30,627,946
2018			
Amount due to subsidiary companies	6,782,379	21,135,733	27,918,112

(i) The cash flows from loans and borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Related Party Disclosures

(a) Identified related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management and chief executive officers of major subsidiary companies of the Group.

The Group and the Company have related party relationships with its subsidiary companies, others related parties and key management personnel.

(b) Significant related party transaction

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Company	
	2019	**2018**
	RM	**RM**
Transactions with subsidiary companies		
- Administrative fee	–	1,424
- Management fee income	684,000	697,000
- Rental income	–	10,000
- Operating expenses	(1,147)	(802)
- Rental expenses	(78,000)	(78,000)

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Transactions with associate company				
- Interest expenses	–	(2,105)	–	–

30. Related Party Disclosures (Cont'd)

(b) Significant related party transaction (Cont'd)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Transactions with companies in which certain Directors of the Company have significant financial interests				
- Progress billing receivables	40,150,098	18,747,752	–	–
- Contract cost payable	(52,282,813)	(15,162,620)	–	–
- Sales	120,000	165,000	–	–
- Purchases	(8,902)	–	–	–
- Rental expenses	(70,600)	(52,000)	(17,600)	–
- Rental income	19,250	–	19,250	–
- Road tax and insurance	(61,265)	–	(4,643)	–
- Other administrative expenses	(2,043)	–	(2,043)	–
- Transport charges income	–	1,200	–	–
Transactions with a Company connected to Directors of the Company				
- Purchases	(348,750)	(149,600)	–	–
Transactions with a person connected to a Director of the Company				
- Rental expenses	(15,600)	(64,800)	–	(2,100)
Transactions with corporate shareholders of subsidiary company				
- Sales	–	419,900	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

Information regarding compensation of key management personnel is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
- Fees	114,000	118,500	114,000	118,500
- Salaries, allowances, and bonus	669,350	586,281	326,930	509,143
- Defined contribution plans	78,413	62,393	41,832	59,013
- Social security contribution	1,519	–	829	–
- Employment insurance system	174	48	95	48
- Benefit-in-kind	–	5,118	–	5,118
	863,456	772,340	483,686	691,822

31. Segmental Information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable segments as follows:

Manufacturing and trading	Manufacturing and trading of rebuilt and new commercial vehicles and the manufacture of body works and their related services.
Rental and fleet management services	Rental of commercial vehicles and provision of fleet management and other related services.
Property development	Property development activities.
Others	Investment holding and the provision of management services.

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 profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

31. Segmental Information (Cont'd)

	Manufacturing and trading RM	Rental and fleet management services RM	Property development RM	Others RM	Adjustments and eliminations * RM	Per consolidated financial statements RM
2019						
Revenue						
External sales	107,433,199	4,089,301	39,886,045	27,272	–	151,435,817
Inter-segment	1,277	9,165	–	684,000	(694,442)	–
Total revenue	107,434,476	4,098,466	39,886,045	711,272	(694,442)	151,435,817
Results						
Segment results	2,644,182	(97,099)	3,753,036	(1,761,256)	2,868,703	7,407,566
Interest income	38,952	7,496	23,365	8,022	–	77,835
Finance costs	(1,039,446)	(20,648)	(24,341)	–	–	(1,084,435)
Profit before tax	1,643,688	(110,251)	3,752,060	(1,753,234)	2,868,703	6,400,966
Taxation	(257,120)	184,974	(2,939,445)	(342)	(2,424)	(3,014,357)
Profit for the financial year	1,386,568	74,723	812,615	(1,753,576)	2,866,279	3,386,609

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Segmental Information (Cont'd)

	Manufacturing and trading RM	Rental and fleet management services RM	Property development RM	Others RM	Adjustments and eliminations * RM	Per consolidated financial statements RM
Assets						
Segment assets	116,156,068	9,338,077	82,752,288	123,150,071	(111,838,739)	219,557,765
Tax recoverable	18,026	–	–	5,072	–	23,098
Deferred tax assets	2,687,560	–	–	–	–	2,687,560
Cash and bank balances	9,853,643	364,822	113,371	173,407	–	10,505,243
Total assets	128,715,297	9,702,899	82,865,659	123,328,550	(111,838,739)	232,773,666
Liabilities						
Segment liabilities	40,346,242	633,709	77,530,350	30,720,345	(68,143,811)	81,086,835
Borrowings	30,490,548	171,382	828,407	-	-	31,490,337
Deferred tax liabilities	2,629,144	73,251	20,163	1,087,574	89,656	3,899,788
Total liabilities	73,465,934	878,342	78,378,920	31,807,919	(68,054,155)	116,476,960
Non-cash expenses/(income)						
Bad debts written off	1,050	7,739	–	–	–	8,789
Depreciation	814,731	1,327,129	20,815	15,333	(8,742)	2,169,266
Gain on disposal of property, plant and equipment	–	(158,107)	–	–	–	(158,107)
Impairment loss on trade receivables	471,734	27,798	–	–	–	499,532
Property, plant and equipment written off	3,695	–	–	–	–	3,695
Reversal of impairment loss on trade receivables	(155,449)	–	–	–	–	(155,449)
Unrealised loss/(gain) on foreign exchange	268,576	–	–	(567)	–	268,009

31. Segmental Information (Cont'd)

	Manufacturing and trading RM	Rental and fleet management services RM	Property development RM	Others RM	Adjustments and eliminations * RM	Per consolidated financial statements RM
2018						
Revenue						
External sales	100,342,669	5,330,766	18,747,752	224,966	–	124,646,153
Inter-segment	115,567	–	–	707,000	(822,567)	–
Total revenue	100,458,236	5,330,766	18,747,752	931,966	(822,567)	124,646,153
Results						
Segment results	(5,966,269)	658,627	3,462,078	15,900,622	(3,107,681)	10,947,377
Interest income	25,639	11,184	–	224,966	–	261,789
Finance costs	(1,164,321)	(46,720)	(24,328)	–	–	(1,235,369)
Share of results of associate company	(877,356)	–	–	93,878	–	(783,478)
Profit before tax	(7,982,307)	623,091	3,437,750	16,219,466	(3,107,681)	9,190,319
Taxation	349,964	301,397	(833,248)	(94)	(2,424)	(184,405)
Profit for the financial year	(7,632,343)	924,488	2,604,502	16,219,372	(3,110,105)	9,005,914

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Segmental Information (Cont'd)

	Manufacturing and trading RM	Rental and fleet management services RM	Property development RM	Others RM	Adjustments and eliminations * RM	Per consolidated financial statements RM
Assets						
Segment assets	118,341,025	9,091,969	39,754,603	117,941,772	(103,462,489)	181,666,880
Tax recoverable	62,264	141,134	–	3,840	–	207,238
Deferred tax assets	4,558,430	–	–	–	–	4,558,430
Cash and bank balanes	3,208,548	1,555,386	57,378	4,695,482	(943,682)	8,573,112
Total assets	126,170,267	10,788,489	39,811,981	122,641,094	(104,406,171)	195,005,660
Liabilities						
Segment liabilities	45,266,909	1,056,890	36,285,937	28,024,105	(58,419,656)	52,214,185
Borrowings	22,372,055	488,533	851,135	–	–	23,711,723
Deferred tax liabilities	3,674,218	292,162	786	1,087,574	87,232	5,141,972
Total liabilities	71,313,182	1,837,585	37,137,858	29,111,679	(58,332,424)	81,067,880

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Segmental Information (Cont'd)

	Manufacturing and trading RM	Rental and fleet management services RM	Property development RM	Others RM	Adjustments and eliminations * RM	Per consolidated financial statements RM
Non-cash expenses/(income)						
Depreciation	889,248	2,228,587	1,293	18,940	(8,318)	3,129,750
Gain on disposal of property, plant and equipment	–	(577,292)	–	–	–	(577,292)
Gain on disposal of investment in associate company	–	–	–	(18,154,002)	3,104,012	(15,049,990)
Gain on disposal of investment in a subsidiary company	(6,029)	–	–	–	–	(6,029)
Impairment loss on trade receivables	233,045	74,718	–	–	–	307,763
Inventories written down	11,370,677	–	–	–	–	11,370,677
Loss on liquidition of a subsidiary company	186,590	–	–	–	–	186,590
Property, plant and equipment written off	104,438	76,394	–	–	–	180,832
Reversal of impairment loss on:						
- trade receivables	(3,000)	(125,861)	–	–	–	(128,861)
- amount due from subsidiary companies	–	–	–	348,691	(348,691)	–
Unrealised loss/(gain) on foreign exchange	703,196	–	–	(2,110)	–	701,086

* Inter-segment revenue, profit and transactions are eliminated.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Segmental Information (Cont'd)

Geographic information

Geographcal segment information has not been prepared as the Group's operations are all confined to Malaysia. The foreign subsidiary company of the Group do not hold non-current assets.

Major Customer

The following is the major customer with revenue 10% equal or more than ten percent of Group's revenue:

	Revenue 2019 RM	Revenue 2018 RM	Segment
Customer			
A	19,213,865	24,128,181	Manafacturing and trading
B	17,611,871	23,472,140	Manafacturing and trading
C	39,886,045	18,747,752	Property development
	76,711,781	66,348,073	

32. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

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

	At amortised cost RM
Group	
2019	
Financial Assets	
Trade receivables	71,672,079
Other receivables	11,433,557
Fixed deposits with licensed banks	109,707
Cash and bank balances	10,505,243
Total financial assets	93,720,586
Financial Liabilities	
Trade payables	64,091,959
Other payables	14,751,232
Bank borrowings	31,490,337
Total financial liabilities	110,333,528

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Group			
2018			
Financial Assets			
Trade receivables	44,703,411	–	44,703,411
Other receivables	10,752,724	–	10,752,724
Fixed deposits with licensed banks	106,615	–	106,615
Cash and bank balances	8,573,112	–	8,573,112
Total financial assets	64,135,862	–	64,135,862
2018			
Financial Liabilities			
Trade payables	–	36,176,566	36,176,566
Other payables	–	14,854,070	14,854,070
Bank borrowings	–	23,711,723	23,711,723
Total financial liabilities	–	74,742,359	74,742,359

	At amortised cost RM
Company	
2019	
Financial Assets	
Other receivables	7,175
Amount due from subsidiary companies	28,193,849
Cash and bank balances	150,898
Total financial assets	28,351,922
Financial Liabilities	
Other payables	89,399
Amount due to subsidiary companies	30,627,946
Total financial liabilities	30,717,345

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Company			
2018			
Financial Assets			
Other receivables	6,704	–	6,704
Amount due from subsidiary companies	23,961,904	–	23,961,904
Cash and bank balances	4,662,456	–	4,662,456
Total financial assets	28,631,064	–	28,631,064
Financial Liabilities			
Other payables	–	102,993	102,993
Amount due to subsidiary companies	–	27,918,112	27,918,112
Total financial liabilities	–	28,021,105	28,021,105

(b) Net losses arising from financial instruments

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Net loss on impairment of financial instruments - Financial assets at amortised cost	499,532	307,763	688,855	51,038

(c) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including foreign currency exchange risk, interest rate risk, credit risk and liquidity risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with licensed banks. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with licensed banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any if the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's maximum exposure to credit risk except for financial guarantee provided to licensed banks for banking facilities granted to certain subsidiary companies.

The Company's maximum exposure in this respect is RM30,955,382 (2018: RM23,010,533), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary would default on repayment as at the end of the reporting period.

<u>Credit risk concentration</u>

At the reporting date, approximately 73% (2018: 63%) of the Group's trade receivables were due from 3 (2018: 4) major customers which contribute from property development and commercial vehicle sales segment.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

32. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total Contractual Cash Outflow RM	Total Carrying Amount RM
Group						
2019						
Trade payables	64,091,959	–	–	–	64,091,959	64,091,959
Other payables	14,751,232	–	–	–	14,751,232	14,751,232
Bank borrowings	30,594,970	250,359	285,144	1,008,812	32,139,285	31,490,337
Total financial liabilities	109,438,161	250,359	285,144	1,008,812	110,982,476	110,333,528
2018						
Trade payables	36,176,566	–	–	–	36,176,566	36,176,566
Other payables	14,854,070	–	–	–	14,854,070	14,854,070
Bank borrowings	22,483,905	490,854	400,403	1,098,140	24,473,302	23,711,723
Total financial liabilities	73,514,541	490,854	400,403	1,098,140	75,503,938	74,742,359

32. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	Total Contractual Cash Outflow RM	Total Carrying Amount RM
Company			
2019			
Other payables	89,399	89,399	89,399
Amount due to subsidiary companies	30,627,946	30,627,946	30,627,946
Financial guarantee liabilities*	30,955,382	30,955,382	–
Total financial liabilities	61,672,727	61,672,727	30,717,345
2018			
Other payables	102,993	102,993	102,993
Amount due to subsidiary companies	27,918,112	27,918,112	27,918,112
Financial guarantee liabilities*	23,010,533	23,010,533	–
Total financial liabilities	51,031,638	51,031,638	28,021,105

* *Based on the maximum amount that can be called for under the financial guarantee contract.*

The Company provides unsecured financial guarantee to banks in respect of credit facilities granted to certain subsidiary companies and monitors on an ongoing basis the performance of the subsidiary companies. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

Financial guarantee have not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their credit facilities is remote.

32. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The maximum amount of the financial guarantees issued to the banks for subsidiary companies' borrowings is limited to the amount utilised by the subsidiary companies, amounting to RM30,955,382 as at 31 March 2019 (2018: RM23,010,533). The earliest period any of the financial guarantees can be called upon by the financial institutions is within the next 12 months. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

Financial guarantee have not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their credit facilities is remote.

(iii) Market risks

(a) Foreign currency exchange risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of the Group entities. The currencies giving rise to this risk are primarily Japanese Yen (JPY), Singapore Dollar (SGD), Hong Kong Dollar (HKD) and UK Pound (GBP).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

32. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency exchange risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

Group	Denominated in					
	JPY RM	SGD RM	HKD RM	GBP RM	Others RM	Total RM
2019						
Cash and bank balances	9,768	81,219	31,062	–	97,602	219,651
Trade payables	(11,347,112)	(401,874)	(512,033)	(1,149,454)	(95,623)	(13,506,096)
Other payables	–	(12,057)	–	–	–	(12,057)
	(11,337,344)	(332,712)	(480,971)	(1,149,454)	1,979	(13,298,502)
2018						
Cash and bank balances	10,520	110,859	29,414	–	92,979	243,772
Trade payables	(13,443,228)	(1,051,660)	(1,066,214)	(4,469,182)	(580,185)	(20,610,469)
Other payables	–	(11,800)	–	–	–	(11,800)
	(13,432,708)	(952,601)	(1,036,800)	(4,469,182)	(487,206)	(20,378,497)

32. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency exchange risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

Company	Denominated in			
	JPY RM	SGD RM	Others RM	Total RM
2019				
Cash and bank balances	2,469	3,269	16,802	22,540
2018				
Cash and bank balances	2,439	3,205	16,329	21,973

Sensitivity analysis for foreign currency exchange risk

The following table demonstrates the sensitivity of the Group's profit net of tax to be reasonably possible change in the key foreign currency against the functional currency of the Group, with all other variables held constant.

Group	Change in currency rate RM	2019 Effect on profit before tax RM
JPY	Strengthened 5%	(566,867)
	Weakened 5%	566,867
SGD	Strengthened 5%	(16,636)
	Weakened 5%	16,636
HKD	Strengthened 5%	(24,049)
	Weakened 5%	24,049
GBP	Strengthened 5%	(57,473)
	Weakened 5%	57,473
		2018
JPY	Strengthened 5%	(671,635)
	Weakened 5%	671,635
SGD	Strengthened 5%	(47,630)
	Weakened 5%	47,630
HKD	Strengthened 5%	(51,840)
	Weakened 5%	51,840
GBP	Strengthened 5%	(223,459)
	Weakened 5%	223,459

32. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency exchange risk (Cont'd)

Sensitivity analysis for foreign currency exchange risk

Company	Change in currency rate RM	2019 Effect on profit before tax RM	2018 Effect on profit before tax RM
JPY	Strengthened 5%	123	122
	Weakened 5%	(123)	(122)
SGD	Strengthened 5%	163	160
	Weakened 5%	(163)	(160)

(b) Interest rate risk

The Group and the Company exposed to interest rate risk arises primarily from financing through interest bearing financial assets and financial liabilities. The Group's and the Company's policy is to obtain the financing with the most favourable interest rates in the market.

The Group and the Company constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The carrying amount of the Group and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	2019 RM	2018 RM
Group		
Fixed rate instruments		
Financial asset		
Fixed deposits with licensed banks	109,707	106,615
Financial liability		
Finance lease payables	(452,930)	(923,588)
Floating rate instrument		
Financial asset		
Short-term funds with licensed financial institutions	7,615,000	4,876,680
Financial liability		
Bank borrowings	(31,037,407)	(22,788,135)
Company		
Floating rate instrument		
Financial asset		
Short-term funds with licensed financial institutions	–	4,376,680

32. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

	2019 RM	2018 RM
Effect to profit or loss		
Group		
Interest rate increased by 1%	(234,224)	(179,115)
Interest rate decreased by 1%	234,224	179,115
Company		
Interest rate increased by 1%	–	43,767
Interest rate decreased by 1%	–	(43,767)

32. Financial Instruments (Cont'd)

(d) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Carrying amount RM	Fair value RM
Group		
2019		
Financial Liabilities		
Finance lease payables (Level 2)	452,930	447,223
Contingent liabilities	575,000	@
2018		
Financial Liabilities		
Finance lease payables (Level 2)	923,588	872,956
Contingent liabilities	585,000	@
Company		
2019		
Financial Liability		
Contingent liabilities	30,955,382	@
2018		
Financial Liability		
Contingent liabilities	23,010,533	@

@ It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, cost and eventual outcome.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. Financial Instruments (Cont'd)

(d) Fair value of financial instruments (Cont'd)

(i) Policy on transfer between levels

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

There were no transfers between levels in the current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

It is not practicable to estimate the fair value of the non-current unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

33. Contingencies

	Group and Company	
	2019 RM	2018 RM
Corporate guarantees to licensed banks for credit facilities granted to subsidiary companies		
- Limit of guarantees	90,121,382	32,538,533
- Amount utilised	30,955,382	23,010,533

34. Capital Management

The Group's management manage its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital managed at Group level, which comprises shareholders' funds, cash and cash equivalents and bank borrowings.

	Group	
	2019 **RM**	**2018** **RM**
Total loans and borrowings	31,490,337	23,711,723
Less: Cash and cash equivalents	(10,505,243)	(8,573,112)
Net debt	20,985,094	15,138,611
Total equity	115,912,139	113,530,206
Gearing ratio	0.18	0.13

35. Significant Events

(a) Proposed Special Issue of Shares

On 29 June 2017, the Company had submitted its application to Bursa Malaysia Securities Berhad ("Bursa Securities") on the Proposed Special Issue of shares up to 55,350,000 new ordinary shares to be issued pursuant to the Proposed Special Issue of Shares for the purpose of new venture in property development.

Bursa Securities had, vide its letter dated 3 October 2017, approved the listing and quotation of up to 55,350,000 new ordinary shares to be issued pursuant to the Proposed Special Issue of Shares, subject to the terms and conditions.

On 16 March 2018, the Company submitted an application to Bursa Securities to seek an extension of time of six (6) months up to 2 October 2018 to complete the implementation of the Proposed Special Issue of Shares which was approved by Bursa Securities on 3 October 2017.

35. Significant Events (Cont'd)

(a) Proposed Special Issue of Shares (Cont'd)

On 19 March 2018, the Company fixed the first tranche issue price of the Placement Shares at RM0.44 per Placement Share to be issued pursuant to the Proposed Special Issue of Shares. The aforementioned issue price of RM0.44 per Placement Share represents a discount of approximately RM0.0360 or 7.56% from the five (5)-day weighted average market price of Boon Koon from 12 March 2018 to 16 March 2018 of approximately RM0.4760.

On 22 March 2018, Bursa approved the extension of time up to 2 October 2018 to complete the implementation of the Proposed Special Issue of Shares.

On 14 September 2018 and 15 February 2019, the Company submitted an application to Bursa Securities to seek for extention of time of six(6) months up to 2 March 2019, and further extension to 2 September 2019 to complete the implementation of the Proposal Special Issue of Shares ("EOT Application").

On 21 February 2019, the Company announced that the Board has resolved to withdraw the EOT Application.

The Proposed Special Issue of Shares has lapsed on 2 March 2019.

(b) Multiple Proposals

On 24 May 2019, the Company announced that it intends to undertake the following proposals:

(a) Proposed subscription of RM35,000,000 new redeemable preference shares in Midas Prosperity Sdn Bhd ("Midas Prosperity") via a conditional subscription agreement between Midas Prosperity and BKG Development Sdn Bhd ("BKG"), a wholly-owned subsidiary of the Company on 24 May 2019 ("Proposed Subscription");

(b) Proposed joint development via a conditional joint venture agreement between Midas Prosperity and BKG on 24 May 2019 ("Joint Venture Agreement") for the implementation and completion of a mixed and integrated residential and commercial development project known as 8th & Stellar ("Proposed Joint Development"); and

(c) Proposed special issue of up to 84,885,000 new ordinary shares in the Company to independent third party investor(s) to be identified at an issue price to be determined at a later date ("Proposed Special Issue").

On 28 June 2019, the Company announced that the listing application for the Proposed Special Issue and draft circular in relation to the Proposals have been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") on the same date. On 4 July 2019, the Company announced that Bursa Securities had approved the listing of and quotation of up to 84,885,000 new shares to be issued pursuant to the Proposed Special Issue, subject to the terms and conditions.

36. Material Litigation

Chin Hin Group Property Berhad (formerly known as Boon Koon Group Berhad) ("The Company") - High Court of Malaya at Pulau Pinang Civil Suit No. Pa-22NCVC-43-03/2017: Amended Writ Of Summons and Amended Statement of Claim Filed yy Dato Seri Kasmi Bin Mat Arsat ("The Plaintiff") Against Boon Koon Vehicles Industries Sdn. Bhd. ("BKVI"), a Wholly Owned subsidiary company of the Company ("Defendant")

On 22 January 2016, Dato' Seri Kasmi Bin Mat Arsat ("Plantiff") had served a writ of summon and statement of claim for a sum of RM2.238 million to Boon Koon Vehicles Industries Sdn. Bhd. ("BKVI"), a subsidiary company of the the Company, for the outstanding sum due by BKVI for negotiation works for securing of Approved Permit for BKVI. On 16 June 2016, the plaintiff had withdrawn his claim against BKVI. However, the Plantiff had on 13 March 2017 filed an amended writ of summon and statement of claim for the same reason above. On 27 April 2017, the High Court of Penang allowed the Plantiff's amended statement of claim and trial dates have been fixed on 22 to 24 August 2017, and subsequently on 27 October 2017, where the High Court had ruled in favour of BKVI together with an order of costs of RM30,000.

Subsequent to the above, the Dato' Seri Kasmi Bin Mat Arsat has submitted a Notice of Appeal dated 22 November 2017 to the Court of Appeal of Malaysia at Putrajaya.

The management of BKVI is of the opinion that the Plantiff is not entitled to any additional payments, save for allowances that were already paid/ received by him between 2010 and 2011.

Appeal has been fixed for hearing at the Court of Appeal on 23 July 2018.

Subsequent the appeal at Hight Court which has dismissed, the plaintiff has awarded a total sum of RM41,600 being costs and allocator ("the said sum") to the plaintiff.

37. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 8 July 2019.

GROUP **PROPERTIES**
AS AT 31 MARCH 2019

Location of properties	Tenure	Area (Square metre)	Description	Approximate Age of Building	Expiry Date	Date of acquisition/ revaluation	Carrying amount At 31.3.19 RM'000
Chin Hin Group Property Berhad (formerly known as Boon Koon Group Berhad)							
1. GM 266 Lot No. 240 Mukim Tebrau, District of Johor Bahru, Johor	Freehold Land	13,506	Vacant Land			20 August 2007/27 March 2019	16,200
2. GM 755 Lot No. 44506 Mukim Tebrau, District of Johor Bahru, Johor	Freehold Land	8,877	Land & Building	8 years		20 August 2007/27 March 2019	12,600
Boon Koon Vehicles Industries Sdn. Bhd.							
1. GM 975, Lot 1804 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	2,853	Office & Factory	15-20 years		18 February 2019	
2. GM 454, Lot 1808 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	6,490	Office & Factory	15-20 years		18 February 2019	
3. GM 455, Lot 1809 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	6,490	Office & Factory	15-20 years		18 February 2019	Note A: 38,500
4. GM 456, Lot 1810 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	18,818	Office & Factory	15-20 years		18 February 2019	
5. H.S. (M) 592, Lot 5025 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	7,356	Office & Factory	15-20 years		18 February 2019	
6. (18) Lot 16 Jalan 1D KKIP Selatan KKIP General Ind Zone SMI Factory, Lot 16 (IZ3), Kota Kinabalu, Sabah.	Leasehold Land 99 years	2,023	Office & Factory Building	17 years	31 December 2098	29 March 2019	2,534

GROUP PROPERTIES
AS AT 31 MARCH 2019 (CONT'D)

Location of properties	Tenure	Area (Square metre)	Description	Approximate Age of Building	Expiry Date	Date of acquisition/ revaluation	Carrying amount At 31.3.19 RM'000
7. PM 8584, Lot No. 16388 Mukim Dengkil, Daerah Sepang, Sungai Rasau Puchong, Negeri Selangor.	Leasehold Land 99 years	1,558	Vacant land		19 March 2080	26 March 2019	1,301
BKHS Capital Sdn. Bhd.							
1. GM 132 Lot No. 4590 Mukim Bagan Samak, Daerah Bandar Baharu, Negeri Kedah.	Freehold Land	9,029	Vacant Land			1 September 2018	884
2. GM 134 Lot No. 4592 Mukim Bagan Samak, Daerah Bandar Baharu, Negeri Kedah.	Freehold Land	15,656	Land under Property Development			1 September 2018	1,513

Note A:
Building erected on the adjoining parcels of land comprising of large single storey factory building with the following annexure:-

- 3 storey office building; and
- 2 storey Sales & Marketing office building

ANALYSIS OF **SHAREHOLDINGS**
AS AT 28 JUNE 2019

Class of Share : Ordinary Shares
Voting Rights : One voting right for one ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS
(Excluding 700,000 treasury shares)

Size of Holdings	No of Shareholders	%	No. of Shares	%
1 -99	196	11.47	8,772	0.00
100 -1,000	479	28.03	148,617	0.05
1,001 -10,000	547	32.01	2,905,637	0.98
10,001 -100,000	360	21.06	14,410,958	4.86
100,001 -less than 5% of issued shares	124	7.26	176,400,919	59.51
5% and above of issued shares	3	0.17	102,535,997	34.60
TOTAL	**1,709**	**100.00**	**296,410,900**	**100.00**

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

		Direct		Indirect	
No.	**Name**	**No. of Shares**	**%**	**No. of Shares**	**%**
1	Datuk Seri Chiau Beng Teik	85,199,100	28.74	–	–
2	Dato' Goh Boon Koon	2,650,000	0.89	50,350,890#	16.99
3	Ho Kok Loon	67,500	0.02	–	–
4	Chiau Haw Choon	7,859,000	2.65	–	–
5	Khoo Chee Siang	–	–	–	–
6	Datuk Yeo Chun Sing	–	–	–	–
7	Shelly Chiau Yee Wern (Alternate Director to Datuk Seri Chiau Beng Teik)	–	–	–	–

\# Deemed interest through BKNT Resources Sdn. Bhd. by virtue of his shareholdings of not less than 20% in BKNT Resources Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("the Act") and other interest held through his children pursuant to Section 59(11)(c) of the Act.

LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

		Direct		Indirect	
No.	**Name**	**No. of Shares**	**%**	**No. of Shares**	**%**
1	Datuk Seri Chiau Beng Teik	85,199,100	28.74	–	–
2	Dato' Goh Boon Koon	2,650,000	0.89	48,735,997[i]	16.44
3	Datin Lee Teoh Kee	–	–	48,735,997[i]	16.44
4	BKNT Resources Sdn Bhd	48,735,997	16.44	–	–
5	Goh Boon Leong	–	–	48,735,997[i]	16.44

[i] Deemed interest through BKNT Resources Sdn. Bhd. by virtue of his shareholdings of not less than 20% in BKNT Resources Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS

AS AT 28 JUNE 2019 (CONT'D)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	BKNT Resources Sdn. Bhd.	48,735,997	16.44
2	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chiau Beng Teik*	28,300,000	9.55
3	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad For Chiau Beng Teik (Smart)*	25,500,000	8.60
4	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chiau Beng Teik*	14,123,800	4.76
5	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Datuk Chiau Beng Teik (MGN-CBT0006M)*	10,275,300	3.47
6	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Hextar Holdings Sdn Bhd*	10,000,000	3.37
7	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad For Chiau Haw Choon (Smart)*	7,859,000	2.65
8	Teoh Hai Hin	7,040,008	2.38
9	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Chiau Beng Teik*	7,000,000	2.36
10	Teoh Huan Shim	7,000,000	2.36
11	Mohd Salleh Bin Hashim	6,500,000	2.19
12	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Peh Lian Hwa (7001214)*	5,572,600	1.88
13	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - Ambank (M) Berhad For Peh Lian Hwa (Smart)*	5,091,900	1.72
14	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Keh Chuan Seng (7001511)*	4,107,500	1.39
15	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Chyi Boon (PNG)*	3,966,500	1.34
16	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Peh Lian Hwa*	3,799,000	1.28
17	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Che Halin Bin Mohd Hashim (7002939)*	3,451,900	1.16
18	Lee Mun Seng	3,391,612	1.14
19	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ong Han Ming*	3,368,000	1.14
20	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ong Choo Meng (6000478)*	3,362,000	1.13
21	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account For Keh Chuan Seng (PNG)*	3,208,300	1.08
22	Gyman Global Industries Sdn Bhd	2,690,800	0.91
23	Goh Boon Koon	2,650,000	0.89
24	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - Ambank (M) Berhad For Ooi Chen Seng (Smart)*	2,299,400	0.78
25	Soo Huey Yi	2,238,700	0.76
26	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ooi Chen Seng*	2,096,500	0.71
27	Lim Chee Lip	2,090,000	0.71
28	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Ah Tee (7003115)*	1,966,200	0.66
29	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chiau Thean Bee*	1,872,900	0.63
30	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Liew Yoke Mun (E-KPG)*	1,755,500	0.59
	TOTAL	**231,313,417**	**78.03**

ANALYSIS OF **WARRANT HOLDINGS**
AS AT 28 JUNE 2019

Total Number of Warrants outstanding	:	128,014,100
Exercise Price Per Warrant	:	RM0.20 each

ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size of Holdings	No of Warrantholders	%	No. of Warrants	%
1 -99	3	0.75	139	0.00
100 -1,000	25	6.27	12,540	0.01
1,001 -10,000	91	22.81	561,473	0.44
10,001 -100,000	191	47.87	8,873,751	6.93
100,001 -less than 5% of issued warrants	85	21.30	46,898,268	36.64
5% and above of issued warrants	4	1.00	71,667,929	55.98
TOTAL	**399**	**100.00**	**128,014,100**	**100.00**

DIRECTORS' WARRANTS HOLDINGS IN THE COMPANY

No.	Name	Direct No. of Warrants	Direct %	Indirect No. of Warrants	Indirect %
1	Datuk Seri Chiau Beng Teik	34,240,000	26.75	–	–
2	Dato' Goh Boon Koon	31,847,373	24.88	2,200,000	1.72
3	Ho Kok Loon	33,750	0.03	–	–
4	Chiau Haw Choon	–	–	–	–
5	Khoo Chee Siang	–	–	–	–
6	Datuk Yeo Chun Sing	100,000	0.08	–	–
7	Shelly Chiau Yee Wern (Alternate Director to Datuk Seri Chiau Beng Teik)	–	–	–	–

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS

No.	Name of Warrant holders	No of Warrants	% of total issued Warrants
1	Goh Boon Koon	31,847,373	24.88
2	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chiau Beng Teik*	18,301,600	14.30
3	Goh Boon Leong	11,080,556	8.66
4	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad For Chiau Beng Teik (Smart)*	10,438,400	8.15
5	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chiau Beng Teik*	3,000,000	2.34
6	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Chiau Beng Teik*	2,500,000	1.95
7	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeoh Hock Seng*	2,309,700	1.80
8	Goh Yin Ling	2,200,000	1.72
9	Gyman Global Industries Sdn Bhd	2,080,000	1.62
10	M & A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account For Keh Chuan Seng (PNG)*	2,021,600	1.58

ANALYSIS OF WARRANT HOLDINGS

AS AT 28 JUNE 2019 (CONT'D)

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS (CONT'D)

No.	Name of Warrant holders	No of Warrants	% of total issued Warrants
11	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Peh Lian Hwa (7001214)*	1,704,500	1.33
12	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chiau Thean Bee*	1,254,000	0.98
13	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Keh Chuan Seng (7001511)*	1,157,700	0.90
14	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Woo Ching Yuen (Rem 157)*	1,040,000	0.81
15	Cheng See Shan	1,000,000	0.78
16	Choo Bee Fong	1,000,000	0.78
17	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeoh Hock Seng*	912,000	0.71
18	Kee Phek See	900,000	0.70
19	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Che Halin Bin Mohd Hashim (7002939)*	856,100	0.67
20	Goh Peng Yeong	835,000	0.65
21	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chan Kam Choon (E-JBU)*	807,000	0.63
22	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Low Kum Moon (7001268)*	775,200	0.61
23	Goh Pei Chiek	760,000	0.59
24	Yee Choon Fatt	700,000	0.55
25	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Kian Hin*	620,000	0.48
26	Lok Ai Tee	610,000	0.48
27	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Chew Win*	600,000	0.47
28	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Choong Foong Ming (021)*	600,000	0.47
29	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeo An Thai*	600,000	0.47
30	Oon Boon Khong	592,500	0.46
	TOTAL	**103,103,229**	**80.52**

CHIN HIN GROUP PROPERTY BERHAD
(FORMERLY KNOWN AS BOON KOON GROUP BERHAD)
(Company No.: 553434-U)
(Incorporated in Malaysia)

CDS Account No.																	
			-			-											

PROXY FORM

* I / We ....
(FULL NAME OF SHAREHOLDERS AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

(NRIC/Passport /Company No.)..) of ....

....
(ADDRESS)

being *a member / members of the abovenamed Company, hereby appoint ....

....
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

(NRIC/Passport No.) ....) of ....

....
(ADDRESS)

or failing *him/her, ...
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

(NRIC/Passport No.) .... of..

....
(ADDRESS)

or failing *him/her, the Chairman of the meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Chin Hin Culture Centre of No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Wednesday, 28 August 2019 at 10:00 am and at any adjournment thereof.

AGENDA

	Receive the Audited Financial Statements for the financial year ended 31 March 2019 and the Reports of the Directors and Auditors thereon		
Resolutions		**For**	**Against**
1	Approval of payment of Directors' fees and Directors' benefits for the financial year ending 31 March 2020		
2	Re-election of Mr Ho Kok Loon as Director		
3	Re-election of Mr Chiau Haw Choon as Director		
4	Re-appointment of Messrs. UHY as Auditors and to authorise the Directors to fix the Auditors' remuneration		
5	Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to issue shares		
6	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature		
7	Proposed Renewal of Share Buy-Back Authority		
8	Mandate for Mr Ho Kok Loon to continue to act as an Independent Non-Executive Director		
9	Proposed adoption of the new Constitution of the Company		

Please indicate with an “x” in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction for voting is given, the proxy may vote as he/she thinks fit.

No. of shares held

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
Total		100

Signed this .... day of ...., 2019.

....
Signature of Member(s)/Common Seal

* Strike out whichever is not desired

Notes:

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.

2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.

3. A member shall be entitled to appoint one (1) or more proxies to attend and vote at the same meeting.

4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“Central Depositories Act”), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.

7. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“Omnibus Account”), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Company’s Constitution (Article 62(3) of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016) and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors (“ROD”) as at 20 August 2019 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.

9. All resolutions as set out in this notice of Seventeenth Annual General Meeting are to be voted by poll.

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Postage
Stamp

The Company Secretaries

CHIN HIN GROUP PROPERTY BERHAD
(Formerly known as Boon Koon Group Berhad)
(Company No.: 553434-U)
51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

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CHIN HIN

CHIN HIN GROUP PROPERTY BERHAD (553434-U)
(formerly known as Boon Koon Group Berhad)