ANNUAL REPORT 2020

CHIN HIN

CHIN HIN GROUP PROPERTY BERHAD

Registration No. 200101017677 (553434-U)

CONTENTS

LEADERSHIP DRIVEN BY INNOVATION & CREATIVITY

Innovation, technological advancement, keeping abreast with changes, and focus are the qualities that make a market leader. Established since 1977, Chin Hin Group Property Berhad has unveiled its grand mission statement aiming for an extensive breakthrough. Through perseverance, careful planning and execution of its business strategies, we managed to move forward which has created a better competitive position for the Group.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

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

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

Chiau Haw Choon
Executive Director

Datuk Yeo Chun Sing
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

Khoo Chee Siang *(Chairman)*
Ho Kok Loon *(Member)*
Dato' Goh Boon Koon *(Member)*

REMUNERATION COMMITTEE

Khoo Chee Siang *(Chairman)*
Ho Kok Loon *(Member)*
Chiau Haw Choon *(Member)*

NOMINATION COMMITTEE

Khoo Chee Siang *(Chairman)*
Ho Kok Loon *(Member)*
Dato' Goh Boon Koon *(Member)*

COMPANY SECRETARIES

Chee Wai Hong (BC/C/1470)
SSM Practicing Certificate No. 202008001804
Foo Li Ling (MAICSA 7019557)
SSM Practicing Certificate No. 201908001737
Tan She Chia (MAICSA 7055087)
SSM Practicing Certificate No. 202008001923

REGISTERED OFFICE

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

BUSINESS ADDRESS

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

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

AUDITORS

UHY (AF1411) (Chartered Accountants)
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

SOLICITORS

Messrs. Allen Chee Ram
Messrs. Chew Kar Meng, Zahardin & Partners

PRINCIPAL BANKERS

Ambank Islamic Berhad
OCBC Al-Amin Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa 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 58
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 and major shareholder of the Company), father of Ms Shelly Chiau Yee Wern (Alternate Director to Datuk Seri Chiau Beng Teik), spouse of Datin Seri Wong Mee Leng (major shareholder of the Company). He has no conflict of interest with the Company other than those disclosed in the Company's circular to shareholders dated 28 August 2020. 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 66
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Goh Boon Koon is the founder of Chin Hin Group Property 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 CHGP from a small existence to be the pioneer and leader of used/rebuilt commercial vehicles industry in Malaysia. Currently he also holds directorship in other private limited companies.

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 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 is the spouse of Datin Lee Teoh Kee and brother of Mr Goh Boon Leong, the major shareholders of the Company.

PROFILES OF DIRECTORS (CONT'D)

CHIAU HAW CHOON
Malaysian | Male | Aged 36
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 also the Non-Independent Non-Executive Director of Solarvest Holdings Berhad. He also holds directorship in other private limited companies.

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 is also the son of Datin Seri Wong Mee Leng, the major shareholder of the Company. He has no conflict of interest with the Company other than those disclosed in the Company's circular to shareholders dated 28 August 2020. 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.

DATUK YEO CHUN SING
Malaysian | Male | Aged 53
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.

PROFILES OF DIRECTORS (CONT'D)

KHOO CHEE SIANG
Malaysian | Male | Aged 43
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.

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

He is a Director of Exsim Ventures Berhad and Exsim Capital Resources Berhad. He is also an 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. He also holds directorship in other private limited companies.

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 53
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 30
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 in the Main Market and ACE Market of Bursa Malaysia Securities Berhad respectively. She also holds directorship in other private limited companies.

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 and a major shareholder of the Company. She is the daughter of Datin Seri Wong Mee Leng, the major shareholder of the Company. She has no conflict of interest with the Company, other than those disclosed in the Company's circular to shareholders dated 28 August 2020. 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 36
EXECUTIVE DIRECTOR

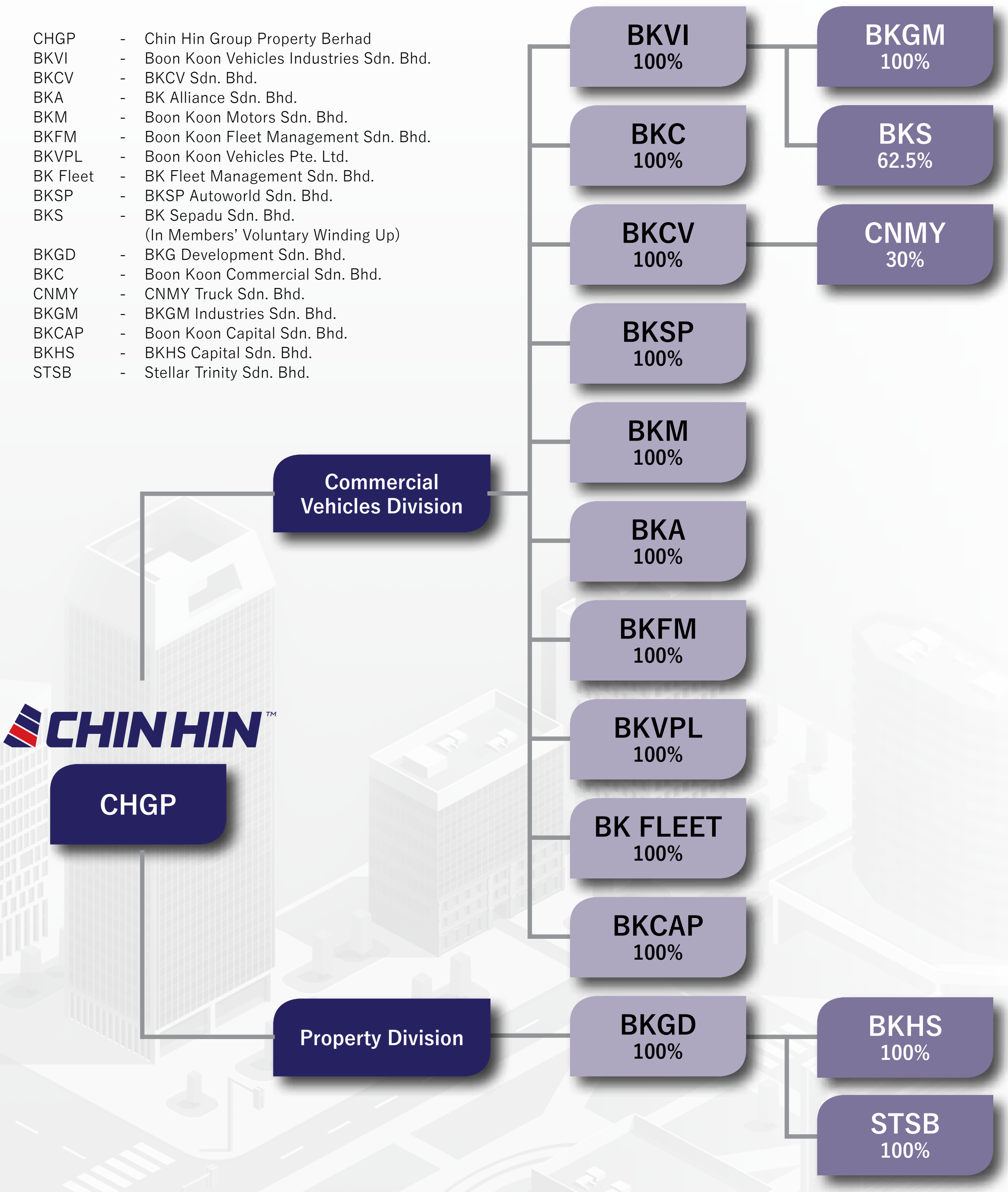
Please refer to his profile appearing in page 4 of this Annual Report.

DATUK YEO CHUN SING
Malaysian | Male | Aged 53
EXECUTIVE DIRECTOR

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

CORPORATE **STRUCTURE**

CHGP	-	Chin Hin Group Property 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. (In Members' Voluntary Winding Up)
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.
STSB	-	Stellar Trinity Sdn. Bhd.



MANAGEMENT DISCUSSION **& ANALYSIS**

OVERVIEW OF BUSINESS AND OPERATIONS

Chin Hin Group Property Berhad 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 2020 continued to deliver a commendable strength result.

Being community-focused, growth and value-oriented in the business of assembling and sale of new and re-built 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 in northern region and exploit southern region potential so as to sustain more demand.

Whilst, our property segment, started with Aera development project which was jointly developed by BKG Development Sdn. Bhd. ("BKGD") and Platinum Eminent Sdn. Bhd. ("Platinum Eminent"), and entered into another joint-venture on 8th & Stellar with Stellar 8 Sdn. Bhd. (formerly known as Midas Prosperity Sdn Bhd) in November 2019.

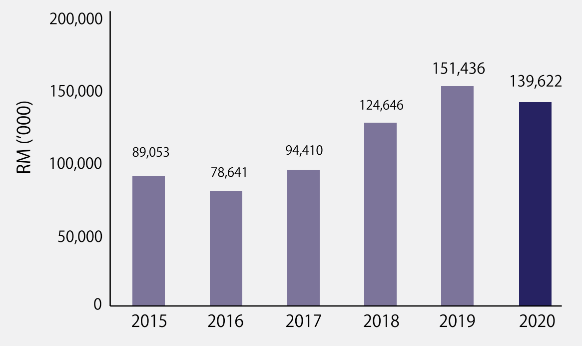
The Group's objective is to become one of the top market leaders and the preferred brand in the new as well as rebuilt commercial vehicles sector. Through a relentless commitment to innovation and continuously seeking improvements in quality, service and productivity, we strive to provide our customers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

GROUP FINANCIAL REVIEW

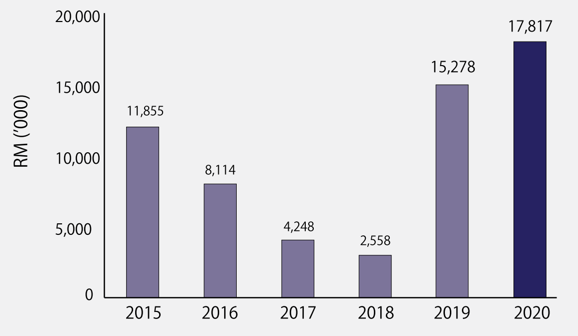
Financial Indicators	FY 2020	FY 2019	Difference
Revenue (RM'000)	139,622	151,436	(7.80%)
Gross Profit (RM'000)	17,817	15,278	16.62%
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) (RM'000)	12,204	9,655	26.40%
Profit Before Tax (RM'000)	7,891	6,401	23.28%
Profit After Tax (RM'000)	3,735	3,387	10.27%
Current ratio (times)	1.12	1.39	(0.27 times)
Gearing ratio (times)	0.55	0.18	(0.37 times)
Gross Profit Margin (%)	12.76%	10.09%	26.46%
Net Profit Margin (%)	2.67%	2.24%	19.20%

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

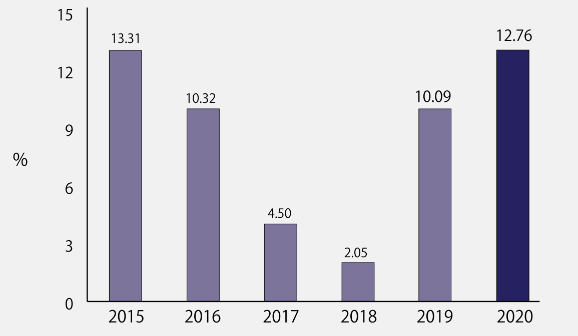
Revenue (RM'000)



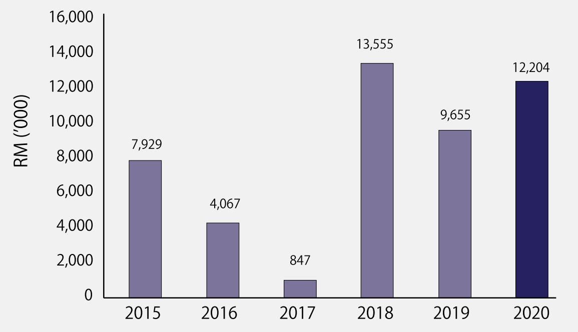
Gross Profit (RM'000)



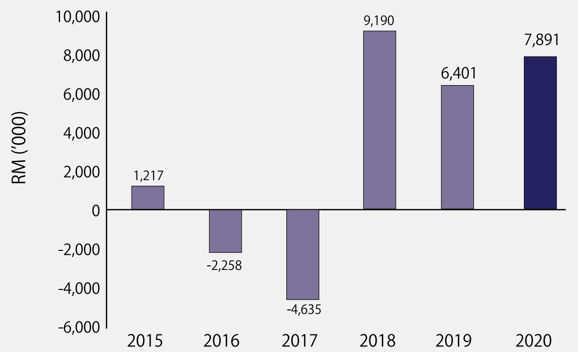
Gross Profit Margin (%)



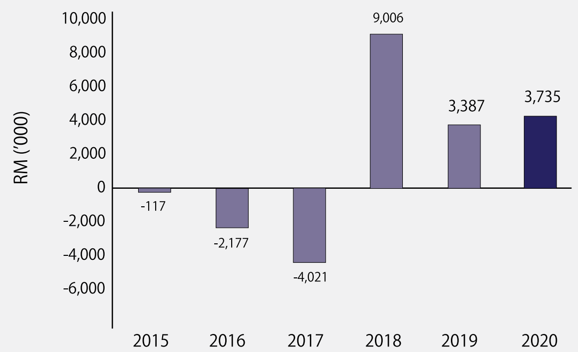
Earning before Interest, Taxes, Depreciation and Amortisation (EBITDA) (RM'000)



Profit/Loss Before Tax (RM'000)



Profit/Loss After Tax (RM'000)



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Revenue

The Group's revenue for FY 2020 had decreased by 7.8% to RM139.62 million compared to RM151.43 million in the previous financial year.

The decrease in revenue was particularly attributed to the decreased in sales from the new and rebuilt commercial vehicles and bodyworks segment, while the property development segment managed to sustain it contribution due to higher delivery.

Gross Profit

The overall gross profit had increased by 16.62% to RM17.82 million from RM15.28 million in the FY2019. The improvement in the Group's gross profit was mainly attributed to the higher gross profit contributed by the development project jointly developed with Platinum Eminent. Comparatively, the lower gross profit recorded in the previous financial year was mainly due to the new and rebuilt commercial vehicles lower profit and lower delivery in development project in FY 2019.

Profit before Tax

Profit before tax was recorded at RM7.89 million in FY 2020 as compared to RM6.40 million in FY 2019. The increase in profit before tax was mainly due to initial recognition of result in 8th & Stellar joint venture project.

Current Ratio

Current Ratio had decreased by 0.27 times as compared to the previous financial year mainly due to increase in the utilisation of banking facilities for the subscription in 8th & Stellar Redeemable preference shares.

Gearing Ratio

Gearing ratio of the Group had increased by 0.37 times due to increase in the utilisation of the banking facilities during the financial year, as mentioned above.

Capital Expenditure (CAPEX)

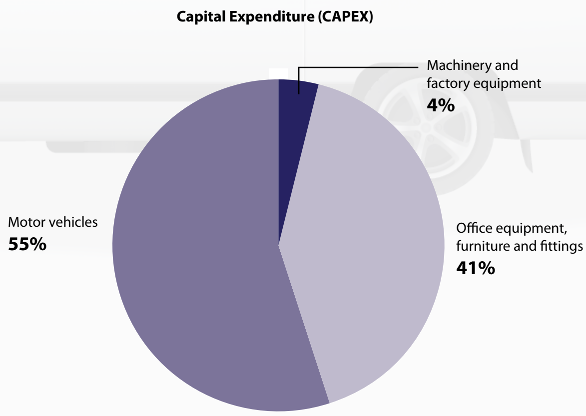
Capital Expenditure	**FY 2020 (RM'000)**
Motor vehicles	672
Office equipment, furniture and fittings	503
Machinery and factory equipment	55
Total	**1,230**

In FY 2020, our capital expenditure were incurred on the purchase of:

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

Of this, 55% was spent on motor vehicles, whereas the rest was spent for office equipment, furniture and fittings and machinery and factory equipment.

With the adoption for MFRS 16, certain capital expenditure under leasing has been classified as Right-of Use Assets.



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Capital Expenditure (CAPEX) (Cont'd)

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

i) Motor vehicle acquired is for marketing purpose at BKGD's office.

ii) Office equipment, furniture and fittings – The bulk of the expenditures were spent on the purchase of the software system and laptop, upgrade of obsolete software, renovation works at the Company and BKGD's office.

iii) 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.

Statements of Cash Flows

	2020 (RM'000)	2019 (RM'000)	Change (%)
Net cash outflows for operating activities	(9,904)	(5,738)	(72.60)
Net cash (outflows)/inflows for investing activities	(33,071)	147	(22,397)
Net cash inflows for financing activities	37,171	7,520	(394)
Net (decrease)/increase in cash balance	(5,804)	1,929	(401)
Effect of changes in foreign exchange rates	9	3	200
Cash balance at beginning of the year	10,505	8,573	22.53
Cash balance at end of year	4,710	10,505	(55.16)

The Group's net cash outflows from operating activities for the FY 2020 had declined by 72.60% to RM9.90 million comparing to FY 2019, largely attributable to the decrease in inventories, increase in other payables and tax paid during the financial year.

Cash outflows from investing activities recorded a net outflow of RM33.01 million for the FY 2020 mainly attributed to the investment in redeemable preference shares in an associate company.

The net cash inflows for financing activities of RM37.17 million had increased for FY 2020 mainly due to the proceeds from banking facilities which used for investment in an associate company.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Statements of Financial Position

	2020 RM('000)	2019 RM('000)
ASSETS		
Non-current assets	110,601	77,514
Current assets	138,849	155,260
Total Assets	249,450	232,774
EQUITY AND LIABILITIES		
EQUITY		
Share capital	62,536	62,449
Treasury shares	(255)	(255)
Foreign currency translation reserve	176	176
Revaluation reserve	14,578	16,001
Capital reserve	(28)	(28)
Warrant reserve	7,720	7,740
Retained profits	34,560	29,829
Non-controlling interest	256	385
Total equity	119,543	116,297
LIABILITIES		
Non-current liabilities	5,403	4,931
Current liabilities	124,504	111,546
Total liabilities	129,907	116,477
Total Equity and Liabilities	249,450	232,774
Net assets per share attributable to ordinary owner of the company (RM)	0.40	0.39

<u>Total Assets</u>

As at 31 March 2020, total assets of the Group had increased by RM16.68 million to RM249.45 million. The increase was mainly attributed to the investment in an associate company and partially set-off with decrease in trade receivables.

<u>Total Liabilities</u>

On the other hand, total liabilities as at 31 March 2020 had increased by RM13.43 million to RM129.91 million. The increase was mainly due to utilisation of the banking facilities.

<u>Net Assets</u>

The net assets per share had increased by RM0.01 or 2.56% as at 31 March 2020 when compared to 31 March 2019 mainly attributable to the increase in retained profits.

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 maintaining 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 stable for FY 2020.

The Group has ventured and added in another property market, 8th & Stellar as per announcement made to Bursa Malaysia Securities Berhad, to further mitigate our operational risk and to increase its shareholder value.

Commercial Vehicles and Bodyworks

Amidst the tough and challenging environment, the Group managed to sustain its revenue for commercial vehicles and bodyworks for FY 2020 to RM95.12 million as compared to RM107.43 million recorded in FY 2019. The lower revenue was mainly attributed to weaker market demand in FY 2020. The loss before taxation was recorded at RM0.61 million, a decrease of RM2.25 million as compared to profit before taxation of RM1.64 million in the previous financial year. The loss before taxation was mainly attributable to 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 RM4.15 million for FY 2020, an increase of RM0.06 million as compared to RM4.09 million in the previous financial year. The higher revenue was mainly due to higher demand in FY 2020. Hence, the profit before taxation was RM1.19 million, an increase of RM1.30 million as compared to the loss before tax of RM0.11 million in the previous financial year.

Property Development Segment

For property development segment, revenue was recorded at RM40.41 million and profit before taxation was RM7.46 million for FY 2020, being attributed to the development project jointly developed with Platinum Eminent. The stage of completion of the said project was 53.05% as at 31 March 2020.

As for the share of joint venture result recorded a profit of RM1.54 million, with weighted stage of recognition were approximate 14.99% for commercial lots and 4.4% for residential lots as at 31 March 2020.

Other Segment

Revenue contributed by other segment during the FY 2020 was RM0.70 million, a decrease of RM0.01 million as compared to RM0.71 million in the previous financial year. Whilst, the loss before taxation was recorded at RM4.37 million, an increase of RM2.62 million as compared to loss before taxation of RM1.75 million in the previous financial year. The loss before taxation recorded in FY 2020 was largely due the incidental costs from corporate exercise.

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.

Despite with current uncertainties, the Group deemed that the property market now maybe in viable position in term of valuation and is continuing to source for new land bank with better and accessible location that can enhance the value for development.

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 2020, 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 2020 as it is being challenged by on-going domestic adjustments and shift of new government, in additionally, the unexpected wide spread of pandemic in the 4TH Quarter FYE 2020 which may strata across over a few financial years, with domestic public consumption and investment could be soften, and impact on the Group's performances.

1. Commercial Vehicles and Bodyworks Segment

The local total industry volume (TIV) for commercial vehicle (CV) segment registered a decline of 17.4 per cent in 2019, slowdown in local economy as companies cut back on capital expenditures (Source: Malaysian Automotive Association ('MAA') Market Review for 2019), in addition, continued tightening of lending guidelines including for hire purchase loans by the authorities coupled with buyers are anticipated to remain cautious in light of the economic uncertainty and unexpected changes in government automotive policies and taxes, which will impact commercial vehicles sales this year and lead to possible adverse impact to the Group's automotive segment.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

FORWARD-LOOKING STATEMENT (CONT'D)

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

The Group anticipates that the commercial vehicles market to remain challenging due to the uncertainties of the local and global economy and expects the current weakening Malaysian Ringgit against others major currencies, which will put pressure on the profit margin. However, the unexpected big hit from the Movement Control Order (MCO) and Recovery Movement Control Order (RMCO) has led to certain logistic segments have been doing well and roaring business – more than 100% improvement, which leading to demand on lite commercial vehicles, the Group foresees there will be a positive sentiment to the Group's revenue and profits margins. Nonetheless, the Group posses with costs advantage and will continue to explore for more options in the southern region to ensure the sustainability of the automotive business and financial performance.

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 continuously contributed positively to the Group. The stage of completion of the project was 53.05% as at 31 March 2020. The Group anticipates the current joint development project may continuously contribute a positive result for FY 2021 as the project had achieved an approximately 90% take-up rate for its service residences, and targeted to be fully completed in mid of calendar year 2021.

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

a) Subscription agreement for the subscription of RM35 million for new redeemable preference shares of RM1.00 each in Stellar 8 Sdn Bhd., subscribed on 1 November 2019.

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").

The performance recognition has commenced from November 2019 and contributed positively to the Group's performance via share of joint venture result with weighted stage of recognition were approximate 14.99% for commercial lots and 4.4% for residential lots as at 31 March 2020. As since the development project is still at initial beginning stages of launching and construction, contribution from the residential lots may only be obvious in financial year 2022. Although there is a general softening in the property market in Malaysia due to current uncertainties, the Malaysia's residential stamp duties holiday together with the Group implementation of massive marketing strategies shall lowering the mid-range residential lots inventory in financial year 2021.

Despite with the current uncertainties and tough market conditions, the Group gratified through efforts over the years to build up own brands and deliver outstanding products and quality services, and is continuously monitoring the outbreak impacts and re-positioning itself to cope with possible domestic sluggish economy. Barring any further unforeseen circumstances, the Group envisages a positive outlook for FYE 2021.

Dividend Policy

The Company does not have an explicit dividend policy.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board of Directors ("the Board") of Chin Hin Group Property 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 2020.

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Board Responsibilities (Cont'd)

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.

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Separation of Positions of the Chairman and Executive Directors (Cont'd)

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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.

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 workplace 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Board Composition (Cont'd)

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 from 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.

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 2020, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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.

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 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Time Commitment and Directorship in Other Public Listed Companies (Cont'd)

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 2020, 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 and Attendance

There were seven (7) Board of Directors' meetings held during the financial year ended 31 March 2020. 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	4/7	57.14%
Chiau Haw Choon	5/7	71.43%
Datuk Yeo Chun Sing	6/7	85.71%
Dato' Goh Boon Koon	7/7	100.00%
Khoo Chee Siang	6/7	85.71%
Ho Kok Loon	6/7	85.71%

All the Directors have complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 March 2020.

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Continuing Education Programs (Cont'd)

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	Nil	Nil
Chiau Haw Choon	12 April 2019	Mentoring Masterclass by Clara Villa
	6-9 June 2019	EY Entrepreneur of the Year 2019
	4-5 July 2019	BIM Executive Workshop
	8 July 2019	OAK Journal Workshop by Keith Roberts
	17 July 2019	Starken AAC Philippine Workshop
	2-3 August 2019	YPO Regional Forum
	19 August 2019	Comquas Training
	2 December 2019	Chin Hin Group Digital Transformation Workshop
	14-15 January 2020	Face2Face
	25 March 2020	Successful Negotiation: Essential Strategies & Skills
	31 March 2020	Artificial Intelligence (AI) For Everyone
Datuk Yeo Chun Sing	Nil	Nil
Dato' Goh Boon Koon	Nil	Nil
Khoo Chee Siang	27-28 July 2019 & 3 August 2019	SCLE Revision: Advisory Services (Rules & Regulations) (M19 or M19 A & M19 B)
Ho Kok Loon	22 October 2019	Seminar Percukaian Kebangsaan 2019
Shelly Chiau Yee Wern (Alternate Director to Datuk Seri Chiau Beng Teik)	Nil	Nil

The Board will be on a continuous basis to 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 established the Nomination Committee comprising entirely Non-Executive Directors with the majority being Independent Non-Executive Directors, with the responsibilities of assessing the balanced 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Nomination Committee (Cont'd)

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 assessed the effectiveness of the Board, the committees of the Board and the contribution of each individual director, including Independent Non-Executive Directors.
ii) Reviewed and recommended the re-election of Directors who were retiring and seeking for re-election at Seventeenth Annual General Meeting.
iii) Reviewed and assessed the independence of its Independent Non-Executive Directors.
iv) 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 nine (9) years, in compliance with the recommendation of MCCG.
v) Reviewed the terms of office and performance of an Audit Committee.

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 2020, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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 annual 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 2020, 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 fulfill the definition of independence as set out in the MMLR.

Remuneration Committee

The Board has established the Remuneration Committee which comprise a 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 2020.
ii) Reviewed and recommended the remuneration package for the Executive Director of the Company for the financial year ended 31 March 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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 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 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.

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 2020 are as follows:

i) The Company

Director	Fees RM	Salary, allowances, & bonus RM	Meeting Allowances RM	EPF, SOCSO & EIS RM	Benefit In kinds RM	Total RM
Datuk Seri Chiau Beng Teik	–	–	–	–	–	–
Chiau Haw Choon	–	180,000	–	24,336	–	204,336
Datuk Yeo Chun Sing	36,000	–	2,000	–	–	38,000
Dato' Goh Boon Koon	–	–	2,000	–	–	2,000
Khoo Chee Siang	54,000	–	2,000	–	–	56,000
Ho Kok Loon	24,000	–	2,000	–	–	26,000
Shelly Chiau Yee Wern (Alternate Director to Datuk Seri Chiau Beng Teik)	–	–	–	–	–	–
Total	**114,000**	**180,000**	**8,000**	**24,336**	–	**326,336**

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Directors' Remuneration (Cont'd)

ii) The Group

Director	Fees RM	Salary, allowances, & bonus RM	Meeting Allowances RM	EPF, SOCSO & EIS RM	Benefit In kinds RM	Total RM
Datuk Seri Chiau Beng Teik	–	–	–	–	–	–
Chiau Haw Choon	–	180,000	–	24,336	–	204,336
Datuk Yeo Chun Sing	36,000	–	2,000	–	–	38,000
Dato' Goh Boon Koon	–	–	2,000	–	–	2,000
Khoo Chee Siang	54,000	–	2,000	–	–	56,000
Ho Kok Loon	24,000	–	2,000	–	–	26,000
Shelly Chiau Yee Wern (Alternate Director to Datuk Seri Chiau Beng Teik)	–	358,800	–	47,572	–	406,372
Total	**114,000**	**538,800**	**8,000**	**71,908**	–	**732,708**

Remuneration of Top Five (5) Senior Management

The top five (5) Senior Management of the Company (including its direct held subsidiary) are Ms Shelly Chiau Yee Wern, Ms Kan Keat Peng, Mr Lee Boon Lian, Mr Khor Choon Wooi and Mr Ng Chee Wei. The aggregate remuneration of these top five (5) Senior Management received in financial year ended 31 March 2020 was RM1.10 million representing 16.56% 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 similarly as other management employees of the Company. This is based on their performance and the overall performance of the Company. The basis of determination has been applied consistently from the 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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 2020 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 73 of this Annual Report.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Assessment of Suitability and Independence of External Auditors (Cont'd)

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 2020.

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 2021.

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's 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 52 to 55 in this report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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.

Further details on the internal audit function are set out in the Statement on Risk Management and Internal Control on pages 52 to 55 of this Annual Report.

During the financial year, the internal audit function covered the areas of property, plant and equipment management of Boon Koon Vehicles Industries Sdn Bhd.

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 2020.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Communication with Stakeholders (Cont'd)

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 2020 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 endeavors 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.

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 2020, will be dispatched to shareholders at least twenty-one (21 days) before the meeting as required under Companies Act 2016 and MMLR 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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 Seventeenth (17th) AGM of the Company held on 28 August 2019, 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 attain 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

During the financial year, there was an issuance of 334,300 new ordinary shares arising from the exercise of warrants at an exercise price of RM0.20 per ordinary share.

As at 31 March 2020, the Company completed the listing and quotation of 334,300 new ordinary shares following the conversion of warrants. The proceeds raised amounted to RM66,860. As at 3 August 2020, the gross proceeds have been fully utilised by the Group on working capital purposes.

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 2020 were follows:

	Company Level RM	**Group Level RM**
Audit services rendered	30,000	124,618
Non-Audit services Rendered 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 2020 or entered into since the end of the previous financial year:

(a) BKG Development Sdn Bhd ("BKG"), a wholly-owned subsidiary of the Company had on 24 May 2019 entered into a conditional subscription agreement with Stellar 8 Sdn. Bhd. (Formerly known as Midas Prosperity Sdn. Bhd.) ("Stellar 8") for a proposed subscription of RM35,000,000 new redeemable preference shares in Stellar 8 ("Proposed Subscription") at an issue price of RM1.00 each or RM35,000,000 in aggregate; and

(b) BKG had on 24 May 2019 entered into a conditional joint venture agreement ("Joint Venture Agreement") with Stellar 8 for proposed joint development for the implementation and completion of a mixed and integrated residential and commercial development project known as 8th & Stellar ("Proposed Joint Development").

The Proposed Subscription was completed and RPS subscribed on 1 November 2019. In consideration of BKG performing its obligations under the Joint Venture Agreement, BKG shall be entitled to share Stellar 8's profit/loss before tax ("BKG's Entitlement") during the development period, whereby BKG's Entitlement shall be entitled for 47.0% of Stellar 8's profit/loss before tax for any financial year during the development period less RPS dividend declared by Stellar 8 for each financial year.

Datuk Seri Chiau Beng Teik is the Non-Independent Non-Executive Chairman and major shareholder of Chin Hin Group Property Berhad ("CHGP"). He is also a Director in Stellar 8, Aera Property Group Sdn. Bhd. ("Aera Property") and PP Chin Hin Realty Sdn. Bhd. ("PP Chin Hin Realty"), as well as shareholder of PP Chin Hin Realty.

Chiau Haw Choon is the Executive Director of CHGP and major shareholder of CHGP. He is also a Director in Stellar 8, Aera Property and PP Chin Hin Realty, as well as shareholder of PP Chin Hin Realty. Chiau Haw Choon is also the son of Datuk Seri Chiau Beng Teik; and

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

MATERIAL CONTRACTS (CONT'D)

Datuk Yeo Chun Sing, an Executive Director of CHGP is deemed a person connected to Datuk Seri Chiau Beng Teik and Chiau Haw Choon by virtue of him being as key management personnel of Aera Property.

Datuk Seri Chiau Beng Teik, Chiau Haw Choon and Datuk Yeo Chun Sing are deemed interested in the Proposed Subscription and Proposed Joint Development.

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.

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 September 2020.

The details of RRPTs of a revenue or trading nature of the Group for the financial year ended 31 March 2020 were 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	NIL	• 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 and a major shareholder 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	NIL	
		• Supply by CHGP Group and/or purchase from Chin Hin Group of materials based on prevailing market price.	7	
		• Provision of insurance and other administrative services by Chin Hin Group based on prevailing market price.	153	
		• 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.	115	

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

RECURRENT RELATED TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

The details of RRPTs of a revenue or trading nature of the Group for the financial year ended 31 March 2020 were follows: (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.	62,730	• 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 and a major shareholder 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 and a major shareholder 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.	159	

SUSTAINABILITY **STATEMENT**

INTRODUCTION

Our Corporate Sustainability Aims

Chin Hin Group Property 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 standards of governance across our business operations 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 addressing 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 2020.

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.

SUSTAINABILITY STATEMENT (CONT'D)

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 emphasize 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 relate 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 assistance from Senior Management to oversee the implementation of the Group's sustainability strategies and ensure key targets are being met.

Our Board takes 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 includes overseeing stakeholders engagement and assessment of material matters which are presented in the following pages. The stakeholders' engagement analysis and assessment of material matters surround the Economic, Environmental and Social aspects.

Economic

Environmental

Social

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDERS ENGAGEMENT

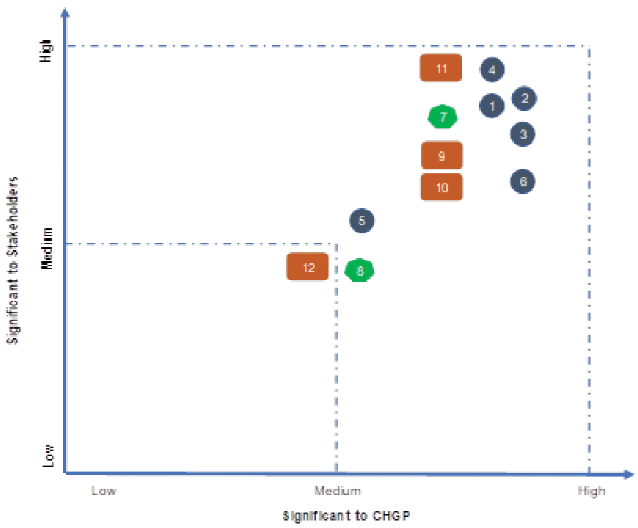
Stakeholders	Stakeholders Concerns/ Material Matters	Engagement Approach
Shareholders	➤ Financial and operational performance ➤ Share price performance ➤ Business management & corporate governance ➤ Risks and returns	➤ Annual & extraordinary general meetings ➤ Quarterly financial results and annual report ➤ 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

SUSTAINABILITY STATEMENT (CONT'D)

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 business 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

SUSTAINABILITY STATEMENT (CONT'D)

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 in order to 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 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000
Revenue	124,646	151,436	139,622
Profit After Tax	9,006	3,387	3,735

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

In FYE 2020, our Group recorded a total revenue of RM139.6 million, a decrease of 7.80%, against the revenue of RM151.4 million generated in FYE 2019. The decrease in revenue was particularly attributed to the decreased in sales from the new and rebuilt commercial vehicles and bodyworks segment, while the property development segment managed to sustain it contribution due to higher delivery. 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 2020, 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, rebuilt of commercial vehicles 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

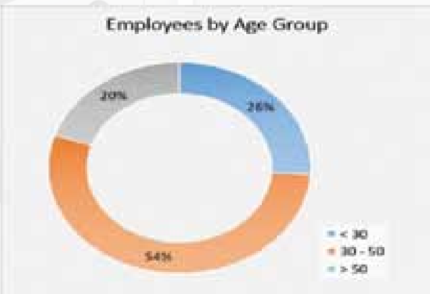
The development and wellbeing of our people are key to the sustainable growth and success of CHGP.

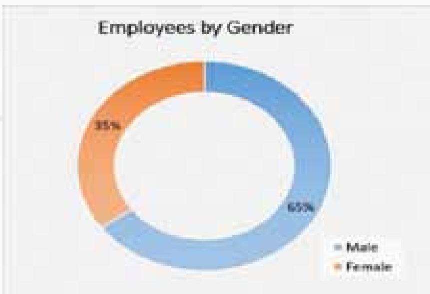
ABOUT OUR PEOPLE

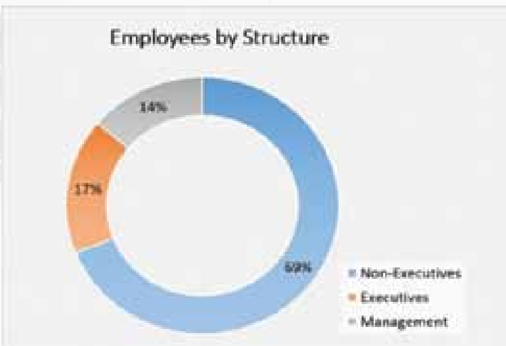
Diversity and equal opportunities are advocated within our Group, as we trust that enhancing exclusiveness will enable us to achieve an equitable society.

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:-







SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

EMPLOYEE WELFARE

In CHGP, we pay serious respect to our employee's welfare 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.

SUSTAINABILITY STATEMENT (CONT'D)

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.

During the FYE 2020, the Group has spent approximately RM18,000 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
27 June 2019	Tax Deductible Expenses – Principles and Latest Developments
14 & 15 August 2019	Latihan Intensif Eperolehan
23 October 2019	National Tax Seminar 2019
2 December 2019	The New Companies (Amendment) Bill 2019
14 December 2019	Team Building – Positive Mindset to Confront Challenges
19 December 2019	Boss.Net EA & BIK Seminar 2019

SUSTAINABILITY STATEMENT (CONT'D)

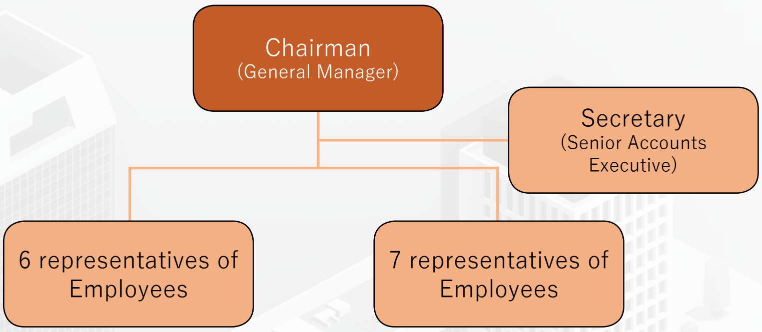
SOCIAL (CONT'D)

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 2020, we have conducted several inhouse safety and health briefing/training to enhance the safety and health awareness of our employees as follows:-

Date	In-House Training Description
24 July 2019	Personal Protective Equipment Training
12 September 2019	Safety & Health Awareness Training
20 November 2019	Fire Safety Briefing
4 December 2019	Fire Drill Training

Following the COVID-19 outbreak, the Government had imposed the Movement Control Order ("MCO") on 18 March 2020. As a responsible employer, we ensured that all our frontline staffs were equipped with Personal Protection Equipment ("PPE") such as mask, gloves and sanitisers. Strict procedures and protocols to curb the spread of the virus were also implemented in the various operational site.

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.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

EMPLOYEE ENGAGEMENT

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

Throughout the FYE 2020, 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 14 December 2019 with the aim to develop bonding and sense of belonging while bringing all employees to work closer together. The event was attended by 51 employees.

Company Annual Lunch

Our company annual lunch was held on 17 January 2020 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.

Blood Donation Campaign

In collaboration with Hospital Seberang Jaya, we have organised a blood donation campaign at our office. With a permitted accessibility, CHGP hopes to regularly participate in such social activities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2017 ("the Code") emphasised on the responsibilities of the Board of Directors ("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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITIES

The Board of Chin Hin Group Property Berhad ("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.

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 warrants 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.

The Board of Directors does not regularly review the internal control system of its associate companies, as the Board of Directors does not have any direct control over their operations. The Group's interests are served through representations on the Boards of the respective associate companies and the review of their management accounts, and enquiries thereon. These representatives also provide the Board with information and timely decision-making on the continuity of the Group's investment based on the performance of the associate companies.

Reporting and Communication

At operational level, clear reporting lines are established across the Group. Discussions are held periodically for operational and financial aspects of the business. These discussions 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 discussions. Follow-up discussions 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.

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

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

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.

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 Property, Plant & Equipment Management and General Safety & Security 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 Report.

The professional fee incurred in maintaining the outsourced internal audit function for the financial year ended 31 March 2020 is RM21,000.

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

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide AAPG 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 March 2020, and reported to the Board that nothing has come to their attention that causes them to believe the statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the External Auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Listing Requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The External Auditors do not assume responsibility to any person other than the board of Directors in respect of any aspect of this report.

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

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 of the Board dated 18 August 2020.

AUDIT COMMITTEE **REPORT**

Composition of Audit Committee and Attendance

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 2020, 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	5/5

Summary of Activities of the Audit Committee

The Audit Committee had during the financial year ended 31 March 2020 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.

AUDIT COMMITTEE REPORT (CONT'D)

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 2019.

ix) Reviewed the internal audit plan from internal auditors.

x) Reviewed the circular to shareholders.

xi) Reviewed the related party transactions / recurrent related party transactions within the Company and the Group.

xii) Reviewed and evaluated the performance and independence of external auditors. The Audit Committee was satisfied with the performance and independence of the external auditors and recommended their re-appointment to the Board.

xiii) Discussed and reviewed with external auditors the applicability of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board.

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
24 May 2019	Unaudited Fourth Quarter Interim Financial Report for the quarter ended 31 March 2019
8 July 2019	Draft Audited financial statements for the financial year ended 31 March 2019
28 August 2019	Unaudited First Quarter Interim Financial Report for the quarter ended 30 June 2019
25 November 2019	Unaudited Second Quarter Interim Financial Report for the quarter ended 30 September 2019
24 February 2020	Unaudited Third Quarter Interim Financial Report for the quarter ended 31 December 2019

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 three (3) times with the External Auditors on 24 May 2019, 8 July 2019 and 24 February 2020 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.

ii) On 24 May 2019, the Audit Committee reviewed the External Auditors' Audit Review Memorandum for the financial year ended 31 March 2019.

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)

iii) On 24 February 2020, the Audit Committee reviewed and evaluated the audit planning memorandum prepared by Messrs UHY ("UHY") for the financial year ended 31 March 2020 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 2020; and
- engagement team, proposed reporting schedule, proposed fees and fraud risk questionnaires.

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 8 July 2019, 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 has 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 Seventeenth Annual General Meeting.

c) Internal Audit

On 25 November 2019, the Audit Committee reviewed and evaluated the Internal Audit Reports ("IAR") pertaining to the internal control on property, plant and equipment management of Boon Koon Vehicles Industries Sdn. Bhd. for the quarter ended 30 September 2019 prepared by Eco Asia Advisory Sdn. Bhd. ("Eco Asia Advisory"), the outsourced Internal Auditors of the Company. Eco Asia Advisory's IARs covered the following:

a) <u>Property, Plant & Equipment Management</u>

i) Maintenance of register;
ii) Capitalisation and depreciation policies;
iii) Identification and maintenance of assets;
iv) Acquisition, disposal and transfer of assets; and
v) Safeguarding of assets.

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.

AUDIT COMMITTEE REPORT (CONT'D)

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

d) Related Party Transaction

i) On 24 May 2019, the Audit Committee reviewed the proposed subscription of RM35,000,000 new redeemable preference shares in Stellar 8 Sdn. Bhd. (Formerly known as Midas Prosperity Sdn. Bhd.) ("Stellar 8") via a conditional subscription agreement between Stellar 8 and BKG Development Sdn Bhd ("BKG"), a wholly-owned subsidiary of the company and proposed joint development via a conditional joint venture agreement between Stellar 8 and BKG for the implementation and completion of a mixed and integrated residential and commercial development project known as 8th & Stellar and recommended to the Board for approval.

ii) The Audit Committee also reviewed the draft circular to shareholders in respect of the proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature on 8 July 2019.

e) Other matters considered by Audit Committee

On 8 July 2019, the Audit Committee reviewed the Audit Committee Report for inclusion in the Annual Report for the financial year ended 31 March 2019 and recommended to the Board for approval.

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 2020, 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 Eighteenth 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 Monday, 28 September 2020 at 2:30 pm 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 2020 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 2021. **Ordinary Resolution 1**

3. To re-elect Mr Khoo Chee Siang who retires in accordance with the Article 95 of the Company's Constitution. **Ordinary Resolution 2**

4. To re-elect Datuk Yeo Chun Sing who retires in accordance with the Article 95 of the Company's Constitution. **Ordinary 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. **Ordinary 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." **Ordinary Resolution 5**

NOTICE OF ANNUAL GENERAL MEETING (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 28 August 2020, 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." **Ordinary Resolution 6**

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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(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,

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." **Ordinary Resolution 7**

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

"THAT 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." **Ordinary Resolution 8**

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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

By Order of the Board,

CHEE WAI HONG (BC/C/1470)
SSM PC NO. 202008001804
FOO LI LING (MAICSA 7019557)
SSM PC NO. 201908001737
TAN SHE CHIA (MAICSA 7055087)
SSM PC NO. 202008001923
Company Secretaries

Penang

Date: 28 August 2020

Notes:

1. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

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 not more than two (2) proxies to attend and vote at the same meeting.

4. Where a member appoints two (2) proxies, 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 the Article 69 of the Company's Constitution and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("**ROD**") as at 21 September 2020 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 Eighteenth 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 2020 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.

Ordinary Resolution 1 – Payment of Directors' fees and Directors' benefits for the financial year ending 31 March 2021

Ordinary 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 2021 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

Ordinary Resolution 5 – Authority to Issue Shares

The proposed Ordinary 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 Seventeenth Annual General Meeting held on 28 August 2019 and which will lapse at the conclusion of the Eighteenth Annual General Meeting to be held on 28 September 2020. A renewal of this authority is being sought at the Eighteenth Annual General Meeting under proposed Ordinary 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).

Ordinary Resolution 6 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature

The proposed Ordinary 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 28 August 2020.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Ordinary Resolution 7 – Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary 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.

Ordinary Resolution 8 – Mandate for Mr Ho Kok Loon as an Independent Non-Executive Director of the Company

The proposed Ordinary 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.

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 Ordinary 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 have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2020.

Principal Activities

The 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 7 to the financial statements.

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

Financial Results

	Group RM	Company RM
Net profit/(loss) for the financial year	3,734,817	(4,363,083)
Attributable to:		
Owners of the parent	3,750,467	(4,363,083)
Non-controlling interests	(15,650)	–
	3,734,817	(4,363,083)

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.

Dividends

There were no dividends 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

During the financial year, the Company issued 334,300 new ordinary shares through conversion of Warrants at an exercise price of RM0.20 for a total cash consideration of RM66,860.

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

There was no issuance of debentures during the financial year.

Treasury Shares

As at 31 March 2020, 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 16 to the financial statements.

DIRECTORS' REPORT (CONT'D)

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 17(a) to the financial statements.

As at 31 March 2020, the total numbers of Warrants that remained unexercised were 127,679,800.

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)

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
Koay Chun Yeong
Alvin Tan Jit Kwong
Ong Tong Ing
Kan Keat Peng
Datuk Arif Shah Bin Osmar Shah^
Goh Chin Aun#
Dato' Hj. Mat Yusof Bin Abdullah#
Dato' Cheah Suan Lee#

* Directors of the Company and its subsidiary companies
^ Directors appointed during/after 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' REPORT (CONT'D)

Directors' Interests in Shares

The interests and deemed interests in the shares and warrants 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 1.4.2019	**Bought**	**Sold**	**At 31.3.2020**
Interests in the Company				
Direct interests:				
Dato' Goh Boon Koon	2,650,000	–	–	2,650,000
Datuk Seri Chiau Beng Teik	85,199,100	13,356,100	41,399,100	57,156,100
Chiau Haw Choon	7,859,000	–	–	7,859,000
Ho Kok Loon	67,500	–	–	67,500
Indirect interests:				
Dato' Goh Boon Koon [1]	50,350,890	–	1,000	50,349,890
Datuk Seri Chiau Beng Teik [2]	–	158,309,635	48,201,200	110,108,435
Chiau Haw Choon [2]	–	158,309,635	48,201,200	110,108,435

	Number of Warrants			
	At 1.4.2019	**Bought**	**Sold**	**At 31.3.2020**
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	34,240,000	–	–	34,240,000
Datuk Yeo Chun Sing	100,000	–	–	100,000
Indirect interests:				
Dato' Goh Boon Koon [1]	2,200,000	–	–	2,200,000
Datuk Seri Chiau Beng Teik [2]	–	2,787,700	–	2,787,700
Chiau Haw Choon [2]	–	2,787,700	–	2,787,700

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*

[2] *Deemed interest through PP Chin Hin Realty Sdn. Bhd., which is the holding company of Divine Inventions Sdn. Bhd. by virtue of his shareholdings of not less than 20% in PP Chin Hin Realty Sdn. Bhd. pursuant to section 8 of the Act.*

By virtue of their interests in the shares of the Company, Datuk Seri Chiau Beng Teik and Chiau Haw Choon are 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' REPORT (CONT'D)

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 32(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 32(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.

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.

DIRECTORS' REPORT (CONT'D)

Other Statutory Information (Cont'd)

(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.

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

Significant Events

The details of the significant events are disclosed in Note 37 to the financial statements.

Subsequent Events

The details of the subsequent events are disclosed in Note 38 to the financial statements.

Auditors

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

The details of the auditors' remuneration are set out in Note 25 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 August 2020.

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 79 to 169 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 August 2020.

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, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 79 to 169 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 18 August 2020.)

CHIAU HAW CHOON

Before me,

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

INDEPENDENT **AUDITORS' REPORT**

To the members of Chin Hin Group Property Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Chin Hin Group Property Berhad, which comprise the statements of financial position as at 31 March 2020 of the Group and of the Company, and the statements of profit or loss 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 79 to 169.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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. 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.	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; • 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;

INDEPENDENT AUDITORS' REPORT

To the members of Chin Hin Group Property Berhad (CONT'D)

Key Audit Matters (Cont'd)

Key audit matters	How we addressed the key audit matters
1. Revenue and cost recognition for property development activity (Cont'd) For the financial year ended 31 March 2020, the revenue and cost of the property development activity contributed to 29% 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.	As part of our audit, we performed the followings: (Cont'd) • 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*.
2. Net valuation of inventories As at 31 March 2020, the Group held other inventories of RM26,938,301. 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.	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; • 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.

INDEPENDENT AUDITORS' REPORT

To the members of Chin Hin Group Property Berhad (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(c) and Note 11 Trade Receivables. We focused on this area due to the Group has significant trade receivables as at 31 March 2020 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

To the members of Chin Hin Group Property Berhad (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.

- 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.

INDEPENDENT AUDITORS' REPORT

To the members of Chin Hin Group Property Berhad (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

- Obtain 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 7 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: 01886/05/2022 J
Chartered Accountant

KUALA LUMPUR

18 August 2020

STATEMENTS OF **FINANCIAL POSITION**

As at 31 March 2020

		Group		Company	
	Note	**2020 RM**	**2019 RM**	**2020 RM**	**2019 RM**
Non–Current Assets					
Property, plant and equipment	4	39,660,669	45,141,793	15,484	24,610
Right-of-use assets	5	3,206,331	–	358,696	–
Investment properties	6	28,800,000	28,800,000	28,800,000	28,800,000
Investments in subsidiary companies	7	–	–	41,248,771	44,182,802
Investments in associate companies	8	36,541,644	–	–	–
Inventories	9	884,475	884,475	–	–
Deferred tax assets	10	1,508,032	2,687,560	–	–
		110,601,151	77,513,828	70,422,951	73,007,412
Current Assets					
Inventories	9	57,933,852	60,658,726	–	–
Trade receivables	11	64,892,712	71,672,079	–	–
Other receivables	12	11,309,891	12,290,985	15,687	19,820
Amount due from subsidiary companies	13	–	–	28,141,317	28,193,849
Tax recoverable		2,176	23,098	75	282
Fixed deposits with licensed banks	14	–	109,707	–	–
Cash and bank balances	15	4,710,436	10,505,243	269,116	150,898
		138,849,067	155,259,838	28,426,195	28,364,849
Total Assets		249,450,218	232,773,666	98,849,146	101,372,261

STATEMENTS OF FINANCIAL POSITION
As at 31 March 2020 (CONT'D)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Equity					
Share capital	16	62,535,726	62,448,653	62,535,726	62,448,653
Treasury shares	16	(255,208)	(255,208)	(255,208)	(255,208)
Reserves	17	22,446,527	23,889,793	7,720,174	7,740,387
Retained earnings/ (Accumulated losses)		34,559,755	29,828,901	(4,732,900)	(366,490)
Equity attributable to owners of the parent		119,286,800	115,912,139	65,267,792	69,567,342
Non-controlling interests		256,258	384,567	–	–
Total Equity		119,543,058	116,296,706	65,267,792	69,567,342
Non-Current Liabilities					
Contract liabilities	18	57,895	56,058	–	–
Bank borrowings	19	771,593	975,562	–	–
Lease liabilities	20	1,162,602	–	287,935	–
Deferred tax liabilities	10	3,411,102	3,899,788	1,087,574	1,087,574
		5,403,192	4,931,408	1,375,509	1,087,574
Current Liabilities					
Contract liabilities	18	296,050	282,719	–	–
Trade payables	21	32,320,450	64,091,959	–	–
Other payables	22	20,539,094	14,801,170	61,537	89,399
Amount due to subsidiary companies	13	–	–	32,062,733	30,627,946
Bank borrowings	19	67,947,083	30,514,775	–	–
Lease liabilities	20	697,458	–	81,575	–
Tax payable		2,703,833	1,854,929	–	–
		124,503,968	111,545,552	32,205,845	30,717,345
Total Liabilities		129,907,160	116,476,960	33,581,354	31,804,919
Total Equity and Liabilities		249,450,218	232,773,666	98,849,146	101,372,261

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 2020

		Group		Company	
	Note	**2020 RM**	**2019 RM**	**2020 RM**	**2019 RM**
Revenue	23	139,622,078	151,435,817	697,910	711,272
Cost of sales		(121,805,034)	(136,157,809)	–	–
Gross profit		17,817,044	15,278,008	697,910	711,272
Other income		1,908,926	1,146,219	417	567
Administrative expenses		(8,754,894)	(6,785,163)	(4,988,058)	(1,766,951)
Selling and distribution expenses		(1,617,468)	(1,654,131)	–	–
Net loss on impairment of financial instruments		(754,412)	(499,532)	(53,989)	(688,855)
Profit/(Loss) from operations		8,599,196	7,485,401	(4,343,720)	(1,743,967)
Finance costs	24	(2,249,816)	(1,084,435)	(19,363)	–
Share of results of associate company		1,541,644	–	–	–
Profit/(Loss) before tax	25	7,891,024	6,400,966	(4,363,083)	(1,743,967)
Taxation	26	(4,156,207)	(3,014,357)	–	(342)
Profit/(Loss) for the financial year		3,734,817	3,386,609	(4,363,083)	(1,744,309)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2020 (CONT'D)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
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	10	–	(585,800)	–	–
		–	2,963,367	–	–
Items that are or may be reclassified subsequently to profit or loss:					
Exchange translation differrences for foreign operations		(47)	(1,276)	–	–
Other comprehensive income for the financial year		(47)	2,962,091	–	–
Total comprehensive income/(loss) for the financial year		3,734,770	6,348,700	(4,363,083)	(1,744,309)
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		3,750,467	3,409,616	(4,363,083)	(1,744,309)
Non-controlling interests		(15,650)	(23,007)	–	–
		3,734,817	3,386,609	(4,363,083)	(1,744,309)
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the parent		3,750,420	6,371,707	(4,363,083)	(1,744,309)
Non-controlling interests		(15,650)	(23,007)	–	–
		3,734,770	6,348,700	(4,363,083)	(1,744,309)
Earnings per share:					
Basic (sen)	27	1.27	1.15		
Diluted (sen)	27	1.11	0.93		

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

STATEMENTS OF **CHANGES IN EQUITY**

For the financial year ended 31 March 2020

		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 2019, as previously reported		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
Effect of adopting MFRS 16	2(a)	–	–	–	–	–	–	(29,408)	(29,408)	–	(29,408)
At 1 April 2019, as restated		62,448,653	(255,208)	7,740,387	176,356	(27,934)	16,000,984	29,799,493	115,882,731	384,567	116,267,298
Profit for the financial year		–	–	–	–	–	–	3,750,467	3,750,467	(15,650)	3,734,817
Other comprehensive income for the financial year		–	–	–	(47)	–	–	–	(47)	–	(47)
Total comprehensive income for the financial year		–	–	–	(47)	–	–	3,750,467	3,750,420	(15,650)	3,734,770
Realisation of revaluation surplus		–	–	–	–	–	(1,423,006)	1,423,006	–	–	–
Transactions with owners:											
Exercise of warrants	16	87,073	–	(20,213)	–	–	–	–	66,860	–	66,860
Acquisition of equity interest of NCI		–	–	–	–	–	–	(413,211)	(413,211)	(112,659)	(525,870)
Total transactions with owners of the Company		87,073	–	(20,213)	–	–	–	(413,211)	(346,351)	(112,659)	(459,010)
At 31 March 2020		62,535,726	(255,208)	7,720,174	176,309	(27,934)	14,577,978	34,559,755	119,286,800	256,258	119,543,058

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 March 2020 (CONT'D)

		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		–	–	–	–	–	–	(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:											
Share repurchased	16	–	(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 2020 (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 2019, as previously reported		62,448,653	(255,208)	7,740,387	(366,490)	69,567,342
Effect of adopting MFRS 16		–	–	–	(3,327)	(3,327)
At 1 April 2019, as restated		62,448,653	(255,208)	7,740,387	(369,817)	69,564,015
Loss for the financial year, representing total comprehensive loss for the financial year		–	–	–	(4,363,083)	(4,363,083)
Transactions with owners:						
Exercise of warrants	16	87,073	–	(20,213)	–	66,860
At 31 March 2020		62,535,726	(255,208)	7,720,174	(4,732,900)	65,267,792
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	16	–	(255,208)	–	–	(255,208)
At 31 March 2019		62,448,653	(255,208)	7,740,387	(366,490)	69,567,342

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

STATEMENTS OF **CASH FLOWS**
For the financial year ended 31 March 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Cash Flows From Operating Activities					
Profit/(Loss) before tax		7,891,024	6,400,966	(4,363,083)	(1,743,967)
Adjustments for:					
Bad debt written off		24,000	8,789	–	–
Depreciation of:					
- property, plant and equipment		1,355,266	2,169,266	9,126	15,333
- right-of-use assets		707,527	–	85,324	–
(Gain)/Loss on disposal of:					
- property, plant and equipment		(557,863)	(158,107)	–	–
- right-of-use assets		10,919	–	–	–
Impairment loss on:					
- investment in subsidiary companies		–	–	2,934,031	–
- trade receivables		821,186	499,532	–	–
- other receivables		13,600	–	–	–
- amount due from subsidiary companies		–	–	53,989	688,853
Interest expense		2,290,627	1,126,641	19,363	–
Interest income		(53,367)	(77,834)	(10)	(8,022)
Inventories written down		2,823,466	–	–	–
Property, plant and equipment written off		411,345	3,695	–	–
Reversal of impairment loss on trade receivables		(80,374)	(155,449)	–	–
Share of result of associate company		(1,541,644)	–	–	–
Waiver of debt by an associate company		(610,808)	–	–	–
Unrealised loss/(gain) on foreign exchange		404,486	268,009	(417)	(567)
Operating profit/(loss) before working capital changes		13,909,390	10,085,508	(1,261,677)	(1,048,370)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 March 2020 (CONT'D)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Changes in working capital:					
Inventories		(103,154)	(8,884,084)	–	–
Receivables		6,504,314	(31,558,667)	4,133	8,311
Payables		(25,337,494)	27,460,470	(27,862)	(13,594)
Contract liabilities		15,169	338,777	–	–
		(18,921,165)	(12,643,504)	(23,729)	(5,283)
Cash used in operations		(5,011,775)	(2,557,996)	(1,285,406)	(1,053,653)
Interest received		5,896	8,022	10	8,022
Interest paid		(2,290,627)	(1,126,641)	(19,363)	–
Tax refund		21,212	(2,163,710)	282	–
Tax paid		(2,628,668)	101,964	(75)	(324)
		(4,892,187)	(3,180,365)	(19,146)	7,698
Net cash used in operating activities		(9,903,962)	(5,738,361)	(1,304,552)	(1,045,955)
Cash Flows From Investing Activities					
Advance to subsidiary companies		–	–	(1,457)	(4,920,798)
Purchase of property, plant and equipment		(685,394)	(85,490)	–	–
Proceeds from disposals of:					
- property, plant and equipment		606,582	162,500	–	–
- right-of-use assets		2,485,729	–	–	–
Interest received		47,471	69,812	–	–
Acquisition of investment in associate company		(35,000,000)	–	–	–
Acquisition of non-controlling interests		(525,870)	–	–	–
Additional investment in a subsidiary company		–	–	–	(999,998)
Net cash (used in)/from investing activities		(33,071,482)	146,822	(1,457)	(5,920,796)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 March 2020 (CONT'D)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash Flows From Financing Activities					
Advances from subsidiary companies		–	–	1,434,787	2,709,834
Decrease/(Increase) in fixed deposits pledged		109,707	(3,092)	–	–
Repayment of finance lease payables		–	(470,658)	–	–
Payment of lease liabilities		(686,594)	–	(77,837)	–
Net changes in banker's acceptances		(4,794,000)	8,272,000	–	–
Net changes in revolving credit		42,500,000	–	–	–
Repayment of term loans		(24,731)	(22,728)	–	–
Proceeds from exercise of warrants		66,860	–	66,860	–
Purchase of treasury shares		–	(255,208)	–	(255,208)
Net cash from financing activities		37,171,242	7,520,314	1,423,810	2,454,626
Net (decrease)/increase in cash and cash equivalents		(5,804,202)	1,928,775	117,801	(4,512,125)
Cash and cash equivalents at the beginning of the financial year		10,505,243	8,573,112	150,898	4,662,456
Effect of exchange translation difference on cash and cash equivalents		9,395	3,356	417	567
Cash and cash equivalents at the end of the financial year		4,710,436	10,505,243	269,116	150,898
Cash and cash equivalents at the end of the financial year comprises:					
Fixed deposits with licensed banks		–	109,707	–	–
Cash and bank balances		4,710,436	10,505,243	269,116	150,898
		4,710,436	10,614,950	269,116	150,898
Less: Fixed deposits pledged with licensed banks		–	(109,707)	–	–
		4,710,436	10,505,243	269,116	150,898

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

NOTES TO THE **FINANCIAL STATEMENTS**
31 March 2020

1. Corporate Information

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

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

The principal place of business of the Company is located at 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, 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 7. 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 new MFRSs, amendments to MFRSs and new interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs 2015 – 2017 Cycle	Amendments to MFRS 3 Amendments to MFRS 11 Amendments to MFRS 112 Amendments to MFRS 123

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:

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

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determine whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases – Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

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)

MFRS 16 *Leases* (Cont'd)

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 *Leases* are no longer required. MFRS 16 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 ("ROU") 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 ROU 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 statements of cash flows.

The ROU asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable 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.

As permitted by the transitional provision of MFRS 16, the Group has elected to adopt a simplified transition approach where cumulative effects of initial application are recognised on 1 April 2019 as an adjustment to the opening balance of retained earnings.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the ROU asset and the lease liability at 1 April 2019 are determined to be the same as the carrying amount of the lease asset and lease liability under MFRS 117 immediately before that date.

The Group has also applied the following practical expedients when applying MFRS 16 to lease previously classified as operating lease under MFRS 117:

- Applied a single discount rate to portfolio of leases with reasonably similar characteristics.
- The Group does not apply the standard to leases which lease terms end within 12 months from 1 April 2019.
- No adjustments are made on transition for leases for which the underlying assets are of low value.
- Excluded initial direct costs from measuring the ROU assets at the date of initial application.
- The Group uses hindsight in determining lease terms for contracts that contain options for extension or termination.

As a result, the leasehold land under property, plant and equipment classification has been reclassified to ROU assets on 1 April 2019 for the Group.

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)

MFRS 16 *Leases* (Cont'd)

Impact arising from the adoption of MFRS 16 on the financial statements:

Statements of Financial Position

	As at 31.3.2019 RM	MFRS 16 adjustments RM	As at 1.4.2019 RM
Group			
Property, plant and equipment	45,141,793	(4,351,189)	40,790,604
Right-of-use assets	–	5,376,287	5,376,287
Finance lease payables	452,930	(452,930)	–
Lease liabilities	–	1,507,436	1,507,436
Retained earnings	29,828,901	(29,408)	29,799,493
Company			
Right-of-use assets	–	444,020	444,020
Lease liabilities	–	447,347	447,347
Accumulated losses	(366,490)	(3,327)	(369,817)

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 March 2019, and lease liabilities recognised in the statements of financial position at 1 April 2019.

	Group RM	Company RM
Operating lease commitment as at 31 March 2019	1,218,907	507,700
Discounted using the incremental borrowings rate as at 1 April 2019	(98,693)	(60,353)
Add: Transfer from finance lease obligations upon initial application of MFRS 16	452,930	–
Less: Recognition exemption for short-term leases	(54,500)	–
Recognition exemption for leases of low-value assets	(11,208)	–
Lease liability recognised as at 1 April 2019	1,507,436	447,347

The weighted average incremental borrowing rate applied to lease liabilities on 1 April 2019 was 4.7%.

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

The Group and the Company have not applied the following new MFRSs 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
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 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS 16	Covid-19 Related Rent Concessions	1 June 2020
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Annual Improvements to MFRS Standards 2018 – 2020 • MFRS 1 • MFRS 9 • MFRS 16 • MFRS 141		1 January 2022
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 10 and MFRS 128	Sale or Contribution 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.

The initial application of the above-mentioned MFRSs is not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis other than those 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Basis of Preparation (Cont'd)

(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.

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:

<u>Classification between investment properties and property, plant and equipment</u>

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.

<u>Satisfaction of performance obligations in relation to contracts with customers</u>

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Basis of Preparation (Cont'd)

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

Judgements (Cont'd)

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

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 and right-of-use ("ROU") assets

The Group regularly reviews the estimated useful lives of property, plant and equipment and ROU assets 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 and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amount at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 5 respectively.

Revaluation of property, plant and equipment, ROU assets 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 2020 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 property, plant and equipment, ROU assets and investment properties are provided in Notes 4, 5 and 6 respectively.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

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 10.

Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 7.

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 2020, the Group has tax recoverable of RM2,176 (2019: RM23,098) and tax payable of RM2,703,833 (2019: RM1,854,929) respectively. The Company has tax recoverable of RM75 (2019: RM282).

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 9(c).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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 18.

Provision for expected credit loss of financial assets at amortised cost

The Group review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies and related 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 11, 12 and 13 respectively.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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.

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. The policy of recognition and measurement of impairment losses is in accordance with Note 3(n)(i).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(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.

(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. The policy of recognition and measurement of impairment losses is in accordance to Note 3(n)(i).

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. Significant Accounting Policies (Cont'd)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. Significant Accounting Policies (Cont'd)

(d) Foreign currency translation (Cont'd)

(i) Foreign currency transactions and balances (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. Significant Accounting Policies (Cont'd)

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

(i) Recognition and measurement (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. Significant Accounting Policies (Cont'd)

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

(iii) Depreciation (Cont'd)

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

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.

Leasehold land

The above accounting policies for property, plant and equipment applies to leasehold land until 31 March 2019. The leasehold land was depreciated over the remaining lease period.

Following the adoption of MFRS 16 *Leases* on 1 April 2019, the Group has reclassified the carrying amount of the leasehold land and building to ROU assets. The policy of recognition and measurement of the right-of-use assets is in accordance with Note 3(f).

(f) Leases

Policy applicable from 1 April 2019

As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(n)(i) to the financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land	Over the remaining lease
Buildings	2%, or over the lease term, if shorter
Machinery and factory equipment	10%
Motor vehicles	14%

The ROU assets are subject to impairment.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. Significant Accounting Policies (Cont'd)

(f) Leases (Cont'd)

Policy applicable from 1 April 2019 (Cont'd)

As lessee (Cont'd)

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

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

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

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. 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.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. Significant Accounting Policies (Cont'd)

(f) Leases (Cont'd)

Policy applicable before 1 April 2019

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 or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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.

(h) Financial assets

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. Significant Accounting Policies (Cont'd)

(h) Financial assets (Cont'd)

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.

(i) Financial liabilities

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. Significant Accounting Policies (Cont'd)

(j) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs 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. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

(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 cannot 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. Significant Accounting Policies (Cont'd)

(l) Inventories (Cont'd)

(ii) Property development costs (Cont'd)

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

The cost of completed properties held for sale includes costs of land and related development cost or its purchase costs and incidental cost of acquisition. Cost is determined on a specific identification basis.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. Significant Accounting Policies (Cont'd)

(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.

(ii) Warrant

Warrants are classified as equity instrutments. 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 earnings.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. Significant Accounting Policies (Cont'd)

(q) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. Significant Accounting Policies (Cont'd)

(q) Revenue Recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

(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.

(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.

(r) 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.

(s) 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. Significant Accounting Policies (Cont'd)

(s) Income taxes (Cont'd)

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.

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.

(t) 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"). The Group's foreign subsidiary company also make contributions to its country 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. Significant Accounting Policies (Cont'd)

(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.

(w) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS
(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								
2020								
Valuation								
At 1 April 2019, as previously reported	20,300,000	2,897,848	19,136,908	–	–	–	–	42,334,756
Effect of adopting MFRS 16	–	(2,897,848)	(936,908)	–	–	–	–	(3,834,756)
At 1 April 2019, restated/ At 31 March 2020	20,300,000	–	18,200,000	–	–	–	–	38,500,000
Cost								
At 1 April 2019, as previously reported	–	–	–	21,563,961	4,293,655	9,414,032	411,345	35,682,993
Effect of adopting MFRS 16	–	–	–	(378,285)	–	(976,853)	–	(1,355,138)
At 1 April 2019, restated	–	–	–	21,185,676	4,293,655	8,437,179	411,345	34,327,855
Additions	–	–	–	55,000	502,917	127,478	–	685,395
Disposals	–	–	–	(1,582,378)	(23,700)	(600,000)	–	(2,206,078)
Written off	–	–	–	(562,894)	–	(43,456)	(411,345)	(1,017,695)
At 31 March 2020	–	–	–	19,095,404	4,772,872	7,921,201	–	31,789,477

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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								
2020								
Accumulated depreciation								
At 1 April 2019, as previously reported	–	–	–	20,097,169	3,828,745	8,879,192	–	32,805,106
Effect of adopting MFRS 16	–	–	–	(242,734)	–	(595,971)	–	(838,705)
At 1 April 2019, restated	–	–	–	19,854,435	3,828,745	8,283,221	–	31,966,401
Charge for the financial year	–	–	491,893	659,721	132,568	71,084	–	1,355,266
Disposals	–	–	–	(1,535,326)	(9,367)	(600,000)	–	(2,144,693)
Written off	–	–	–	(562,894)	–	(43,456)	–	(606,350)
At 31 March 2020	–	–	491,893	18,415,936	3,951,946	7,710,849	–	30,570,624
Accumulated impairment loss								
At 1 April 2019	–	–	–	70,850	–	–	–	70,850
Disposals	–	–	–	(12,666)	–	–	–	(12,666)
At 31 March 2020	–	–	–	58,184	–	–	–	58,184
Carrying amount								
At 31 March 2020	20,300,000	–	17,708,107	621,284	820,926	210,352	–	39,660,669

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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								
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)
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)
Disposals	–	–	–	(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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. Property, Plant and Equipment (Cont'd)

	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Company			
2020			
Costs			
At 1 April 2019/31 March 2020	281,921	92,637	374,558
Accumulated depreciation			
At 1 April 2019	257,311	92,637	349,948
Charge for the financial year	9,126	–	9,126
At 31 March 2020	266,437	92,637	359,074
Carrying amount			
At 31 March 2020	15,484	–	15,484
2019			
Costs			
At 1 April 2018/31 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

(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 2020 RM	Group 2019 RM
Machinery and factory equipment	–	135,551
Motor vehicles	–	380,882
	–	516,433

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 19 are:

	Group	
	2020 RM	2019 RM
Freehold land	20,300,000	20,300,000
Leasehold land	–	1,597,143
Buildings	17,708,107	19,136,908
	38,008,107	41,034,051

(c) Valuation of freehold land, leasehold land and buildings

Freehold land, leasehold land and building of the subsidiary companies were revalued on 16 December 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	–	–	–
Buildings	–	17,708,107	–
	–	38,008,107	–

There is no transfer between Level 1 and 2 fair values during the financial year.

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			
2020			
Cost	10,609,431	–	16,449,098
Accumulated depreciation	–	–	(5,777,489)
	10,609,431	–	10,671,609
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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. Right-of-Use Assets

	Leasehold land RM	Buildings RM	Machinery and factory equipment RM	Motor vehicles RM	Total RM
Group					
2020					
Cost/Valuation					
At 1 April 2019, as previously reported	–	–	–	–	–
Effect of adopting MFRS 16	2,897,848	2,035,575	378,285	1,348,457	6,660,165
At 1 April 2019, restated	2,897,848	2,035,575	378,285	1,348,457	6,660,165
Additions	–	489,219	–	545,000	1,034,219
Disposals	(1,597,143)	(936,908)	–	–	(2,534,051)
At 31 March 2020	1,300,705	1,587,886	378,285	1,893,457	5,160,333
Accumulated depreciation					
At 1 April 2019, as previously reported	–	–	–	–	–
Effect of adopting MFRS 16	–	184,165	242,734	856,979	1,283,878
At 1 April 2019, restated	–	184,165	242,734	856,979	1,283,878
Charge for the financial year	38,075	333,473	52,960	283,019	707,527
Disposals	(17,429)	(19,974)	–	–	(37,403)
At 31 March 2020	20,646	497,664	295,694	1,139,998	1,954,002
Carrying amount	1,280,059	1,090,222	82,591	753,459	3,206,331

	Buildings RM
Company	
2020	
Costs	
At 1 April 2019, as previously reported	–
Effect of adopting MFRS 16	476,999
At 1 April 2019, as restated	476,999
Additions	–
At 31 March 2020	476,999
Accumulated depreciation	
At 1 April 2019, as previously reported	–
Effect of adopting MFRS 16	32,979
At 1 April 2019, as restated	32,979
Charge for the financial year	85,324
At 31 March 2020	118,303
Carrying amount	
At 31 March 2020	358,696

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. Right-of-Use Assets (Cont'd)

(a) Assets pledged as securities to financial institution

Motor vehicles with a carrying amount of RM695,949 of the Group are pledged as securities for the related lease liabilities.

(b) Valuation of leasehold land

Leasehold land of the Group was revalued at 16 December 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 obsolescence.

Details of the Group's leasehold land and information about the fair value hierarchy as at 31 March 2020 as follows:

	Level 1 RM	Level 2 RM	Level 3 RM
Leasehold land	–	1,280,059	–

There was no transfer between fair value hierarchy Level 1 and Level 2 during the financial year.

Had the leasehold land been carried at historical cost less accumulated depreciation, their carrying amounts would be as follows:

	Group	
	2020 RM	2019 RM
Cost	1,347,030	–
Less: Accumulated depreciation	(67,708)	–
	1,279,322	–

6. Investment Properties

	Freehold land RM	Buildings RM	Total RM
Group and Company			
At fair value			
At 1 April 2019/ At 31 March 2020	27,700,000	1,100,000	28,800,000
At 1 April 2018/ At 31 March 2019	27,700,000	1,100,000	28,800,000

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. Investment Properties (Cont'd)

(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 (2019: 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.

(b) Income and expenses recognised in profit or loss

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

	2020 RM	2019 RM
Group and Company		
Direct operating expenses:		
- income generating investment properties	(13,379)	(12,694)

7. Investments in Subsidiary Companies

	Company 2020 RM	 2019 RM
In Malaysia		
At cost		
Unquoted shares	70,008,238	70,008,238
Less: Accumulated impairment losses	(28,759,468)	(25,825,437)
	41,248,770	44,182,801
Outside Malaysia		
At cost		
Unquoted shares	1,146,087	1,146,087
Less: Accumulated impairment losses	(1,146,086)	(1,146,086)
	1	1
	41,248,771	44,182,802

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. Investments in Subsidiary Companies (Cont'd)

Movement in the allowance for impairment losses are as follows:

	2020 RM	2019 RM
At 1 April	26,971,523	26,971,523
Impairment losses recognised	2,934,031	–
At 31 March	29,905,554	26,971,523

During 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 RM2,934,031 (2019: Nil) was recognised during the financial year. The recoverable amounts are determined using the fair value less cost of disposal approach, and it is derived using adjusted net assets of the subsidiary company as at the end of the reporting period. The fair value are within level 3 of the fair value hierarchy.

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of Incorporation	Effective interest 2020 %	Effective interest 2019 %	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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. 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 2020 %	Effective interest 2019 %	Principal activities
Direct holding:				
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
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 companies of BKG Development Sdn. Bhd.:				
BKHS Capital Sdn. Bhd. ("BKHS")	Malaysia	100	50	Property development
Stellar Trinity Sdn. Bhd. ("STSB")	Malaysia	100	–	Dormant

* Subsidiary company not audited by UHY

Under members' voluntary liquidation

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. Investments in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2020 %	2019 %	2020 RM	2019 RM	2020 RM	2019 RM
BKHS	–	50	(4,027)	(18,041)	–	116,686
BK Sepadu	37.5	37.5	(11,623)	(4,966)	256,258	267,881
Total non-controlling interests					256,258	384,567

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	
	2020 RM	2019 RM	2020 RM	2019 RM
Summarised statements of financial position				
Non-current assets	–	695,295	–	–
Current assets	–	1,544,125	569,728	602,726
Non-current liabilities	–	(802,199)	–	–
Current liabilities	–	(1,393,028)	–	(2,000)
Net assets	–	44,193	569,728	600,726

	BKHS		BK Sepadu	
	2020 RM	2019 RM	2020 RM	2019 RM
Summarised statements of profit or loss and other comprehensive income				
Revenue	–	–	–	–
Loss for the financial year	–	(36,082)	(30,998)	(13,244)
Total comprehensive loss for the financial year	–	(36,082)	(30,998)	(13,244)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. 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. (Cont'd)

	BKHS		BK Sepadu	
	2020 RM	2019 RM	2020 RM	2019 RM
Summarised statements of cash flows				
Net cash used in operating activities	–	(112,891)	(27,773)	(24,735)
Net cash from investing activities	–	–	–	8,123
Net cash from financing activities	–	122,159	–	–
Net increase/(decrease) in cash and cash equivalants	–	9,268	(27,773)	(16,612)

(b) Acquisition of subsidiary company

On 18 September 2019, BKG Development Sdn. Bhd., a wholly-owned subsidiary company of Chin Hin Group Property Berhad, subscribed 2 shares, representing 100% equity interest in Stellar Trinity Sdn. Bhd. for cash subscription of RM2.

(c) Acquisition of non-controlling interests

On 3 May 2019, BKG Development Sdn. Bhd., a wholly-owned subsidiary company of Chin Hin Group Property Berhad, acquired the remaining 100,000 ordinary shares representing 50% of the total paid-up share capital of BKHS Capital Sdn. Bhd. ("BKHS") for a total cash consideration of RM525,870. With the acquisition, BKHS become a wholly-owned subsidiary company of the Group.

The effect of changes in equity interest in BKHS is attributable to owners of the Company:

	2020 RM
Carrying amount of non-controlling interests acquired	112,659
Consideration paid to non-controlling interests	(525,870)
Decrease in parent's equity	(413,211)

There was no acquisition in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. Investments in Associate Companies

	Group 2020 RM	Group 2019 RM
Unquoted shares		
At cost	35,900,000	900,000
Share of post-acquisition reserves	641,644	(900,000)
	36,541,644	–

Details of the associate company are as follows:

Name of company	Place of business/ Country of Incorporation	Effective interest 2020 %	Effective interest 2019 %	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
Held through BKG Development Sdn. Bhd.				
Stellar 8 Sdn. Bhd. *	Malaysia	47	–	Property development

* Associate company not audited by UHY

On 1 November 2019, BKG Development Sdn. Bhd. subscribed 35,000,000 preference shares in Stellar 8 Sdn. Bhd. for effective interest of 47% in accordance with Joint Venture Agreement dated 24 May 2019 for total cash consideration of RM35,000,000.

The summarised financial information of the Group's material associate companies ie. CNMY Truck Sdn. Bhd. ("CNMY") and Stellar 8 Sdn. Bhd. ("Stellar 8") are set out below:

(a) Summarised statements of financial position

	CNMY 2020 RM	CNMY 2019 RM	Stellar 8 2020 RM	Stellar 8 2019 RM
Non-current assets	3	3	–	–
Current assets	9,138	15,874	88,560,578	–
Current liabilities	(122,330)	(441,942)	(10,812,399)	–
Net (liabilities)/assets	(113,189)	(426,065)	77,748,179	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. Investments in Associate Companies (Cont'd)

The summarised financial information of the Group's material associate companies ie. CNMY Truck Sdn. Bhd. ("CNMY") and Stellar 8 Sdn. Bhd. ("Stellar 8") are set out below: (Cont'd)

(a) Summarised statements of financial position (Cont'd)

	CNMY		Stellar 8	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Interest in associate company	30%	30%	47%	–
Group's share of net (liabilities)/ assets	(33,957)	(127,820)	36,541,644	–
Elimination of unrealised profits	(2,231)	(2,231)	–	–
Unrecognised of share of loss	36,188	130,051	–	–
Carrying value of Group's interest in associate company	–	–	36,541,644	–

(b) Summarised statements of profit or loss and other comprehensive income

	CNMY		Stellar 8	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Profit/(Loss) for the financial year, representing total comprehensive income/(loss) for the financial year	312,878	(6,200)	1,541,644	–

The Group has not recognised losses related to CNMY, totalling Nil (2019: RM1,860) and cummulatively RM36,188 (2019: RM130,051). Since the Group has no obligation in respect of these losses.

9. Inventories

	Group	
	2020 RM	**2019 RM**
Non-current asset		
Land held for property development	884,475	884,475
Current assets		
Property development cost	30,995,551	38,166,420
Other inventories	26,938,301	22,492,306
	57,933,852	60,658,726

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. Inventories (Cont'd)

(a) Land held for property development

	Group	
	2020 RM	**2019 RM**
Non-current		
Freehold land		
At 1 April/31 March	884,475	884,475

(b) Property development costs

	Group	
	2020 RM	**2019 RM**
Current		
Freehold land, at cost		
At 1 April/31 March	1,205,617	1,205,617
Property development costs		
At 1 April	86,003,701	33,363,362
Additions	22,961,275	52,640,339
At 31 March	108,964,976	86,003,701
Cost recognised in profit or loss		
At 1 April	49,042,898	15,162,620
Recognised during the financial year	30,132,144	33,880,278
At 31 March	79,175,042	49,042,898
Total property development costs	30,995,551	38,166,420

(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 29.

(ii) Included in the property development costs incurred during the financial year are the following:

	Group	
	2020 RM	**2019 RM**
Finance costs (Note 24)	40,811	42,206

(iii) The freehold land of RM2,090,092 (2019: RM2,090,092) is pledged to a licensed bank as securities for banking facility granted to a subsidiary company as disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. Inventories (Cont'd)

(c) Other inventories

	Group 2020 RM	Group 2019 RM
At cost		
Raw materials	1,982,480	1,992,266
Work-in-progress	2,772,607	1,861,071
Finished goods	17,460,046	11,598,053
	22,215,133	15,451,390
At net realisible value		
Raw materials	1,320,766	1,724,413
Work-in-progress	1,145,429	1,703,690
Finished goods	2,256,973	3,612,813
	4,723,168	7,040,916
	26,938,301	22,492,306
Recognised in profit or loss:		
Inventories recognised as cost of sales	89,503,514	99,253,393
Inventories written down	2,823,466	–

10. Deferred Tax Assets/(Liabilities)

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Deferred tax assets:				
At 1 April	3,862,549	4,564,519	–	–
Recognised in profit or loss	(552,527)	(1,124,122)	–	–
(Over)/Under provision in prior years	(171,070)	422,152	–	–
At 31 March	3,138,952	3,862,549	–	–
Deferred tax liabilities:				
At 1 April	(5,074,777)	(6,335,266)	(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	47,624	584,656	–	–
(Under)/Over provision in prior years	(14,869)	90,033	–	–
At 31 March	(5,042,022)	(5,074,777)	(1,087,574)	(1,087,574)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

10. 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	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax assets:				
Unutilised tax losses	1,508,032	2,687,560	–	–
Deferred tax liabilities:				
Fair value change on investment properties	(1,087,574)	(1,087,574)	(1,087,574)	(1,087,574)
Revaluation surplus on property, plant and equipment	(2,323,528)	(2,812,214)	–	–
	(3,411,102)	(3,899,788)	(1,087,574)	(1,087,574)

The components and movements of deferred tax liabilities and assets are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax assets:				
Unutilised tax losses				
At 1 April	3,861,507	4,204,638	–	–
Recognised in profit or loss	(552,140)	(765,283)	–	–
(Over)/Under provision in prior years	(171,070)	422,152	–	–
At 31 March	3,138,297	3,861,507	–	–
Unabsorbed capital allowances				
At 1 April	1,042	359,881	–	–
Recognised in profit or loss	(387)	(358,839)	–	–
At 31 March	655	1,042	–	–
	3,138,952	3,862,549	–	–
Deferred tax liabilities:				
Deferred tax on fair value changes in investment properties				
At 1 April/31 March	(1,087,574)	(1,087,574)	(1,087,574)	(1,087,574)
Revaluation surplus on property, plant and equipment				
At 1 April	(2,629,144)	(3,276,598)	–	–
Recognised in other comprehensive income	–	585,800	–	–
Recognised in profit or loss	448,650	61,654	–	–
At 31 March	(2,180,494)	(2,629,144)	–	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

10. Deferred Tax Assets/(Liabilities) (Cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Accelerated capital allowances				
At 1 April	(1,358,059)	(1,971,094)	–	–
Recognised in profit or loss	(401,026)	523,002	–	–
(Under)/Over provision in prior years	(14,869)	90,033	–	–
At 31 March	(1,773,954)	(1,358,059)	–	–

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unutilised tax losses	13,846,833	14,778,709	1,015,435	672,624
Unabsorbed capital allowances	457,571	871,900	–	–
	14,304,404	15,650,609	1,015,435	672,624

With effect from year of assessment 2019, unutilised tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The unabsorbed capital allowances does not expire under current tax legislation. 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.

11. Trade Receivables

	Group	
	2020 RM	2019 RM
Trade receivables	75,211,342	81,564,697
Less: Accumulated impairment losses	(10,318,630)	(9,892,618)
	64,892,712	71,672,079

Trade receivables are non-interest bearing and are generally on 30 to 210 days (2019: 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 RM36,751,859 (2019: RM42,590,032) 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 Nil (2019: RM318,342) due from associate company, CNMY Truck Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. Trade Receivables (Cont'd)

Movements in the allowance for impairment losses are as follows:

	Group 2020 RM	Group 2019 RM
At 1 April	9,892,618	5,813,969
Effect of adopting MFRS 9	–	3,734,566
	9,892,618	9,548,535
Impairment losses recognised	821,186	499,532
Amount written off	(314,800)	–
Impairment losses reversed	(80,374)	(155,449)
At 31 March	10,318,630	9,892,618

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.

The aged analysis of trade receivables as at the end of the reporting period:

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
2020			
Neither past due nor impaired	28,634,244	(2,397,800)	26,236,444
Past due not impaired:			
Less than 30 days	1,602,835	(32,283)	1,570,552
31 to 60 days	1,245,175	(15,946)	1,229,229
61 to 90 days	17,299,772	(14,482)	17,285,290
More than 90 days	20,070,448	(1,499,251)	18,571,197
	40,218,230	(1,561,962)	38,656,268
	68,852,474	(3,959,762)	64,892,712
Individual impaired	6,358,868	(6,358,868)	–
	75,211,342	(10,318,630)	64,892,712
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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. Trade Receivables (Cont'd)

As at 31 March 2020, trade receivables of the Group amounting to RM38,656,268 (2019: RM42,455,174) 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 assessed to be impaired amounting to RM6,358,868 (2019: RM5,892,599) related to customers have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

12. Other Receivables

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	490,092	105,768	1,050	2,675
Less: Accumulated impairment losses	(13,600)	(110)	–	–
	476,492	105,658	1,050	2,675
Deposits	10,015,070	11,327,899	8,800	4,500
Prepayments	420,691	348,335	5,837	12,643
GST recoverable	397,638	509,093	–	2
	11,309,891	12,290,985	15,687	19,820

Movements in the allowance for impairment losses are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 April	110	110	–	–
Impairment losses recognised	13,600	–	–	–
Amount written off	(110)	–	–	–
At 31 March	13,600	110	–	–

Included in the Group's deposits is the following:

(i) an amount of RM8,930,338 (2019: RM8,271,033) are related to deposits paid for purchase of goods.

(ii) an amount of Nil (2019: RM525,870) paid for purchase consideration of acquisition of investment in BKHS. The acquisition was completed during the financial year. [Note 7(c)]

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

13. Amount Due from/(to) Subsidiary Companies

	Company 2020 RM	Company 2019 RM
Amount due from subsidiary companies		
Non-trade, Non-interest bearing	29,716,651	29,715,194
Less: Accumulated impairment losses	(1,575,334)	(1,521,345)
	28,141,317	28,193,849
Amount due to subsidiary companies		
Non-trade, Non-interest bearing	(32,062,733)	(30,627,946)

Movements in the allowance for impairment losses are as follows:

	Company 2020 RM	Company 2019 RM
At 1 April	1,521,345	832,492
Impairment losses recognised	53,989	688,853
At 31 March	1,575,334	1,521,345

During the financial year, due to declining business operations of the subsidiary companies, the Company carried out a review of the recoverable amounts. The recoverable amounts are determined using the fair value less cost of disposal approach. Impairment losses amounting to RM53,989 (2019: RM688,853) was recognised during the financial year.

The amount due from/(to) subsidiary companies is non-trade in nature, unsecured, interest free advances and are repayable on demand.

14. Fixed Deposits with Licensed Banks

In the previous financial year, the fixed deposits of the Group are pledged to licensed banks as security for bank facilities granted to the Group.

The interest rates of deposits are Nil (2019: 3.10%) per annum and the maturities of deposits is Nil (2019: 365) days.

15. Cash and Bank Balances

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash and bank balances	4,710,436	2,890,243	269,116	150,898
Short-term funds with licensed financial institutions	–	7,615,000	–	–
	4,710,436	10,505,243	269,116	150,898

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

15. Cash and Bank Balances (Cont'd)

The effective interest rate per annum as at the end of the reporting period are as follows:

	Group	
	2020 %	2019 %
Short-term funds with licensed financial institutions	–	2.30% - 2.45%

The maturity period of the short-term fund with licensed financial institutions as at the end of the reporting period are as follows:

	Group	
	2020	2019
Short-term funds with licensed financial institutions	–	3 - 10 days

16. Share Capital

	Group and Company			
	Number of shares		Amount	
	2020 Units	2019 Units	2020 RM	2019 RM
Ordinary shares with no par value				
Issued and fully paid				
At 1 April	297,110,900	297,110,900	62,448,653	62,448,653
Warrants exercised	334,300	–	87,073	–
At 31 March	297,445,200	297,110,900	62,535,726	62,448,653

During the year, the Company issued 334,300 new ordinary shares through conversion of Warrants at an exercise price of RM0.20 for a total cash consideration of RM66,860.

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.

Treasury Shares

	Group and Company			
	Number of shares		Amount	
	2020 Units	2019 Units	2020 RM	2019 RM
At 1 April	700,000	–	255,208	–
Purchase of own shares	–	700,000	–	255,208
At 31 March	700,000	700,000	255,208	255,208

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. Share Capital (Cont'd)

Treasury Shares (Cont'd)

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.

In the previous financial year, the Company repurchased a total of 700,000 of its issued ordinary shares from the open market at an average price 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 2020, the total shares held as treasury shares amounted to 700,000 (2019: 700,000) ordinary shares at a total cost of RM255,208 (2019: RM255,208).

None of the treasury shares held were resold or cancelled during the financial year.

17. Reserves

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable:					
- Warrant reserve	(a)	7,720,174	7,740,387	7,720,174	7,740,387
- Foreign currency translation reserve	(b)	176,309	176,356	–	–
- Capital reserve	(c)	(27,934)	(27,934)	–	–
- Revaluation reserve	(d)	14,577,978	16,000,984	–	–
		22,446,527	23,889,793	7,720,174	7,740,387

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 2020, the total number of Warrants that remain unexercised were 127,679,800 (2019: 128,014,100).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. Reserves (Cont'd)

(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 interests.

(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	
	2020 RM	**2019 RM**
At 1 April	16,000,984	13,179,707
Revaluation of land and buildings	–	3,549,167
Deferred tax liabilities	–	(585,800)
Realisation of revaluation surplus	(1,423,006)	(142,090)
	14,577,978	16,000,984

18. Contract Liabilities

	Group	
	2020 RM	**2019 RM**
Non-current		
Contract liabilities		
Deferred income:		
- Extended warranty and services	57,895	56,058

	Group	
	2020 RM	**2019 RM**
Current		
Contract liabilities		
Property development activities	264,053	264,053
Deferred income:		
- Extended warranty and services	31,997	18,666
	296,050	282,719
Total	353,945	338,777

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. Contract Liabilities (Cont'd)

Property development activities

	Group 2020 RM	Group 2019 RM
At 1 April	(264,053)	–
Property development revenue recognised during the financial year	40,410,470	39,886,045
Less: Billings during the financial year	(40,410,470)	(40,150,098)
At 31 March	(264,053)	(264,053)
Presented as:		
Contract liabilities	(264,053)	(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:

	2021 RM	2022 RM	2023 RM	Total RM
Property development activities	47,403,053	49,600,160	–	97,003,213
Deferred income	31,997	22,725	35,170	89,892
	47,435,050	49,622,885	35,170	97,093,105

19. Bank Borrowings

	Group 2020 RM	Group 2019 RM
Secured		
Banker's acceptances (Note a)	25,415,000	30,209,000
Finance leases payables (Note b)	–	452,930
Revolving credit (Note a)	42,500,000	–
Term loans (Note a)	803,676	828,407
	68,718,676	31,490,337
Analysed as:		
Non-current		
Finance leases payables	–	173,363
Term loans	771,593	802,199
	771,593	975,562

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

19. Bank Borrowings (Cont'd)

	Group 2020 RM	Group 2019 RM
Current		
Banker's acceptances	25,415,000	30,209,000
Finance leases payables	–	279,567
Revolving credit	42,500,000	–
Term loans	32,083	26,208
	67,947,083	30,514,775
	68,718,676	31,490,337

(a) Bank borrowings

The term loans, banker's acceptances and revolving credit are secured by the following:

(i) Legal charge over the freehold land, land held for development, land held under property development cost and buildings of the Company and subsidiary companies as disclosed in Note 4 and 9 respectively; and

(ii) Debenture incorporating a fixed specific charge over freehold land of the Company.

(iii) Corporate guarantee by the Company and a subsidiary company.

(iv) Personal guarantee by a Director of the Company and his family members.

Maturity of bank borrowings is as follows:

	Group 2020 RM	Group 2019 RM
Within one year	67,947,083	30,235,208
Between one to two years	34,396	24,043
Between two to five years	119,535	92,055
After five years	617,662	686,101
	68,718,676	31,037,407

(b) Finance lease payables

	Group 2020 RM	Group 2019 RM
At 1 April, as previously stated	452,930	923,588
Effect of adopting of MFRS 16	(452,930)	–
At 1 April, restated	–	923,588
Payments	–	(470,658)
At 31 March	–	452,930

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

19. Bank Borrowings (Cont'd)

(b) Finance lease payables (Cont'd)

	Group 2020 RM	2019 RM
Minimum lease payments:		
Within one year	–	296,642
Between one to two years	–	161,030
Between two to five years	–	17,160
	–	474,832
Less: Future finance charges	–	(21,902)
Present value of minimum lease payments	–	452,930
Present value of minimum lease payments:		
Within one year	–	279,567
Between one to two years	–	156,340
Between two to five years	–	17,023
	–	452,930
Analysed as:		
Repayable within twelve months	–	279,567
Repayable after twelve months	–	173,363
	–	452,930

(c) The average effective interest rates per annum are as follows:

	Group 2020 %	2019 %
Banker's acceptances	2.99% - 3.80%	3.43% - 4.15%
Finance leases payables	–	2.37% - 3.90%
Revolving credit	4.81% - 5.31%	–
Term loans	7.73%	7.97%

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

20. Lease Liabilities

	Group 2020 RM	Company 2020 RM
At 1 April, as previously reported	–	–
Effect of adopting of MFRS 16	1,507,436	447,347
At 1 April, restated	1,507,436	447,347
Additions	1,039,218	–
Payments	(686,594)	(77,837)
At 31 March	1,860,060	369,510
Presented as:		
Non-current	1,162,602	287,935
Current	697,458	81,575
	1,860,060	369,510

The maturity analysis of lease liabilities of the Group and Company at the end of the reporting period:

	Group 2020 RM	Company 2020 RM
Within one year	764,270	97,200
Between one to two years	803,181	97,200
Between two to five years	417,910	216,100
	1,985,361	410,500
Less: Future finance charges	(125,301)	(40,990)
Present value of lease liabilities	1,860,060	369,510

The Group leases buildings and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

21. Trade Payables

	Group 2020 RM	Group 2019 RM
Trade payables	32,320,450	64,091,959

(a) Included in trade payables is an amount of Nil (2019: 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 (2019: 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 RM19,586,996 (2019: RM48,959,630) due to Platinum Eminent Sdn. Bhd., a company in which certain Directors of the Company have significant financial interests.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

22. Other Payables

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other payables	4,319,277	3,864,507	4,146	349
Accruals	2,496,346	2,666,767	57,391	89,050
Deposits received	13,688,198	8,219,958	–	–
GST payables	35,273	49,938	–	–
	20,539,094	14,801,170	61,537	89,399

The deposits received from customers are for purchase of goods and are non-refundable.

23. Revenue

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contract customers:				
Sales of commercial vehicles and body works	95,405,510	107,655,858	–	–
Rental and fleet management service income	3,787,188	3,866,642	–	–
Property development	40,410,470	39,886,045	–	–
Management fee income	–	–	679,000	684,000
	139,603,168	151,408,545	679,000	684,000
Revenue from other sources:				
Interest income	10	8,022	10	8,022
Rental income	18,900	19,250	18,900	19,250
	18,910	27,272	18,910	27,272
	139,622,078	151,435,817	697,910	711,272

	Manufacturing and trading RM	Rental and fleet management services RM	Property development RM	Total RM
Group				
2020				
Timing of revenue recognition:				
At a point in time	95,380,679	3,787,188	–	99,167,867
Over time	24,831	–	40,410,470	40,435,301
Total revenue from contracts with customers	95,405,510	3,787,188	40,410,470	139,603,168

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. Revenue (Cont'd)

	Manufacturing and trading RM	Rental and fleet management services RM	Property development RM	Total RM
Group				
2019				
Timing of revenue recognition:				
At a point in time	107,646,581	3,866,642	–	111,513,223
Over time	9,277	–	39,886,045	39,895,322
Total revenue from contracts with customers	107,655,858	3,866,642	39,886,045	151,408,545

	Management fee income RM
Company	
2020	
Timing of revenue recognition:	
At a point in time	679,000
2019	
Timing of revenue recognition:	
At a point in time	684,000

24. Finance Costs

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expenses on:				
Bank overdraft	14,125	3,443	–	–
Banker's acceptances	1,285,490	1,019,159	–	–
Finance lease	–	37,492	–	–
Lease liabilities	82,617	–	19,363	–
Revolving credit	844,048	–	–	–
Term loans	64,347	66,547	–	–
	2,290,627	1,126,641	19,363	–
Less: Finance costs capitalised in property development costs [Note 9(b)(ii)]	(40,811)	(42,206)	–	–
	2,249,816	1,084,435	19,363	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. Profit/(Loss) Before Tax

Profit/(Loss) before tax is derived at after at charging/(crediting):

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration				
- statutory audit				
- current year	124,618	116,025	30,000	26,000
- over provision in prior years	–	(4,000)	–	–
- other services	5,000	5,000	5,000	5,000
Bad debts written off	24,000	8,789	–	–
Depreciation of property, plant and equipment	1,355,266	2,169,266	9,126	15,333
Depreciation of right-of-use assets	707,527	–	85,324	–
Non-executive Directors' remuneration				
- fees	78,000	78,000	78,000	78,000
- allowance	6,000	3,000	6,000	3,000
Impairment loss on:				
- investment in subsidiary companies	–	–	2,934,031	–
- trade receivables	821,186	499,532	–	–
- other receivables	13,600	–	–	–
- amount due from subsidiary companies	–	–	53,989	688,853
Inventories written down	2,823,466	–	–	–
Lease expenses relating to short term lease	39,149	–	–	–
Property, plant and equipment written off	411,345	3,695	–	–
Rental of hostel	–	44,300	–	–
Rental of premises	–	200,600	–	95,600
Rental of vehicles	–	74,850	–	3,450
(Gain)/Loss on disposal of:				
- property, plant and equipment	(557,863)	(158,107)	–	–
- right-of-use assets	10,919	–	–	–
(Gain)/Loss on foreign exchange				
- realised	(625,971)	(676,691)	–	–
- unrealised	404,486	268,009	(417)	(567)
Waiver of debt by an associate company	(610,808)	–	–	–
Interest income	(53,367)	(77,834)	(10)	(8,022)
Rental income	(124,900)	(90,075)	(18,900)	(19,250)
Reversal of impairment loss on:				
- trade receivables	(80,374)	(155,449)	–	–

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

26. Taxation

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Tax expenses recognised in profit or loss:				
Current tax provision	3,520,706	2,557,032	–	–
Real property gain tax	147,732	–	–	–
(Over)/Under provision in prior years	(203,073)	414,439	–	342
	3,465,365	2,971,471	–	342
Deferred tax: (Note 10)				
Relating to origination and reversal of temporary differences	504,903	555,071	–	–
Under/(Over) provision in prior years	185,939	(512,185)	–	–
	690,842	42,886	–	–
Tax expenses for the financial year	4,156,207	3,014,357	–	342

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 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	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Profit/(Loss) before tax	7,891,024	6,400,966	(4,363,083)	(1,743,967)
Share of results of associate company	(1,541,644)	–	–	–
	6,349,380	6,400,966	(4,363,083)	(1,743,967)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

26. 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	
	2020 RM	2019 RM	2020 RM	2019 RM
Taxation at statutory tax rate of 24% (2019: 24%)	1,523,851	1,536,232	(1,047,140)	(418,552)
Effects of different tax rates in other country	2,134	2,220	–	–
Effect of real property gain tax	147,732	–	–	–
Income not subject to tax	(18,020)	(37,308)	–	–
Expenses not deductible for tax purposes	2,840,732	1,699,243	964,865	418,552
Deferred tax assets not recognised	84,309	7,331	82,275	–
Utilisation of previously unrecognised deferred tax asset	(407,397)	(95,615)	–	–
(Over)/Under provision of taxation in prior years	(203,073)	414,439	–	342
Under/(Over) provision of deferred taxation in prior years	185,939	(512,185)	–	–
Tax expenses for the financial year	4,156,207	3,014,357	–	342

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	
	2020 RM	2019 RM	2020 RM	2019 RM
Unutilised tax losses	26,923,069	30,868,321	1,015,435	672,624
Unabsorbed capital allowances	460,300	876,242	–	–
	27,383,369	31,744,563	1,015,435	672,624

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. 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 2020 RM	Group 2019 RM
Profit for the financial year, attributable to owners of the parent	3,750,467	3,409,616
Weighted average number of ordinary shares issue	297,121,861	297,110,900
Effect of treasury shares held	(700,000)	(53,114)
Weighted average number of ordinary shares at 31 March	296,421,861	297,057,786
Basic earnings per share (in sen)	1.27	1.15

(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 2020 RM	Group 2019 RM
Profit for the financial year, attributable to owners of the parent	3,750,467	3,409,616
Weighted average number of ordinary shares used in the calculation of basic earnings per share	296,421,861	297,057,786
Adjustment for assumed conversion of Warrants	41,964,690	68,253,735
Weighted average number of ordinary shares at 31 March (diluted)	338,386,551	365,311,521
Diluted earnings per share (in sen)	1.11	0.93

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

28. Goodwill on Consolidation

	Group 2020 RM	Group 2019 RM
Cost	1,492,744	1,492,744
Less: Impairment losses	(1,492,744)	(1,492,744)
	–	–

29. Interest in Joint Operation

The details of the joint operation are as follows:

Name of company	Country of Incorporation	Effective interest 2020 %	Effective interest 2019 %	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:

	2020 RM	2019 RM
Group		
Revenue	40,410,470	39,886,045
Cost of sales	(30,132,144)	(33,880,278)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. Staff Costs

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries, wages, allowances and bonus	6,223,121	6,014,565	686,715	927,535
Defined contribution plans	650,218	605,177	92,568	118,763
Social security contribution	57,208	53,497	3,385	4,522
Employment insurance system	6,099	5,814	368	517
	6,936,646	6,679,053	783,036	1,051,337

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	
	2020 RM	2019 RM	2020 RM	2019 RM
Executive Directors				
Company's Directors				
Salaries, wages, allowances and bonus	540,800	304,420	182,000	16,000
Fee	36,000	36,000	36,000	36,000
Defined contribution plans	70,062	38,381	23,413	1,800
Social security contribution	1,657	760	828	69
Employment insurance system	189	86	95	8
	648,708	379,647	242,336	53,877
Executive Directors				
Subsidiary Company's Directors				
Salaries, wages, allowances and bonus	54,000	54,000	–	–
Fee	–	12,033	–	–
	54,000	66,033	–	–
Executive Directors				
Company's Directors	648,708	379,647	242,336	53,877
Subsidiary Company's Directors	54,000	66,033	–	–
	702,708	445,680	242,336	53,877

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. 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 2019 RM	Effect of adopting MFRS 16 RM	Financing cash flows Note (i) RM	Non-cash changes New lease RM	At 31 March 2020 RM
Group					
Banker's acceptances	30,209,000	–	(4,794,000)	–	25,415,000
Finance lease payables	452,930	(452,930)	–	–	–
Lease liabilities	–	1,507,436	(686,594)	1,039,218	1,860,060
Revolving credit	–	–	42,500,000	–	42,500,000
Term loans	828,407	–	(24,731)	–	803,676
	31,490,337	1,054,506	36,994,675	1,039,218	70,578,736
Company					
Amount due to subsidiary companies	30,627,946	–	1,434,787	–	32,062,733
Lease liabilities	–	447,347	(77,837)	–	369,510
	30,627,946	447,347	1,356,950	–	32,432,243

	At 1 April 2018 RM	Financing cash flows Note (i) RM	At 31 March 2019 RM
Group			
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
Company			
Amount due to subsidiary companies	27,918,112	2,709,834	30,627,946

(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)

32. 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	
	2020 RM	2019 RM
Transactions with subsidiary companies		
- Administrative fee	7,000	12,000
- Management fee income	672,000	672,000
- Operating expenses	(1,842)	(1,147)
- Rental expenses	(78,000)	(78,000)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Transactions with associate company				
- Waiver of debts	(610,808)	–	–	–
Transactions with companies in which certain Directors of the Company have significant financial interests				
- Progress billing receivables	40,410,470	40,150,098	–	–
- Contract cost payable	(22,319,698)	(52,282,813)	–	–
- Sales of goods	628	120,000	–	–
- Purchases of goods	(6,941)	(8,902)	–	–
- Rental expenses	(157,550)	(70,600)	(19,200)	(17,600)
- Rental income	18,900	19,250	18,900	19,250
- Road tax and insurance	(152,686)	(61,265)	(526)	(4,643)
- Other administrative expenses	–	(2,043)	–	(2,043)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. Related Party Disclosures (Cont'd)

(b) Significant related party transaction (Cont'd)

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Transactions with a Company connected to Directors of the Company				
- Purchases of goods	(159,390)	(348,750)	–	–
Transactions with a person connected to a Director of the Company				
- Rental expenses	(15,750)	(15,600)	–	–

(c) Compensation of key management personnel

Information regarding compensation of key management personnel is as follows:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
- Fees	114,000	114,000	114,000	114,000
- Salaries, allowances, and bonus	600,800	669,350	188,000	326,930
- Defined contribution plans	70,062	78,413	23,413	41,832
- Social security contribution	1,657	1,519	828	829
- Employment insurance system	189	174	95	95
	786,708	863,456	326,336	483,686

33. 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. Segmental Information (Cont'd)

2020	Manufacturing and trading RM	Rental and fleet management services RM	Property development RM	Others RM	Adjustments and eliminations * RM	Per consolidated financial statements RM
Revenue						
External sales	95,046,027	4,146,671	40,410,470	18,910	–	139,622,078
Inter-segment	71,285	–	–	679,000	(750,285)	–
Total revenue	95,117,312	4,146,671	40,410,470	697,910	(750,285)	139,622,078
Results						
Segment results	659,316	1,229,163	8,348,811	(4,351,652)	2,660,191	8,545,829
Interest income	43,381	4,261	5,715	10	–	53,367
Finance costs	(1,313,664)	(38,870)	(895,059)	(19,363)	17,140	(2,249,816)
Share of results of associates	–	–	–	–	1,541,644	1,541,644
Profit/(Loss) before tax	(610,967)	1,194,554	7,459,467	(4,371,005)	4,218,975	7,891,024
Taxation	(890,062)	(225,654)	(3,038,067)	–	(2,424)	(4,156,207)
Profit/(Loss) for the financial year	(1,501,029)	968,900	4,421,400	(4,371,005)	4,216,551	3,734,817
Assets						
Segment assets	120,700,460	9,881,629	106,650,505	120,508,945	(114,511,965)	243,229,574
Tax recoverable	1,661	–	–	515	–	2,176
Deferred tax assets	1,508,032	–	–	–	–	1,508,032
Cash and bank balances	2,959,429	1,268,601	194,353	288,053	–	4,710,436
Total assets	125,169,582	11,150,230	106,844,858	120,797,513	(114,511,965)	249,450,218
Liabilities						
Segment liabilities	43,840,053	1,239,096	52,011,546	32,496,780	(74,513,926)	55,073,549
Borrowings	25,415,000	–	43,303,676	–	–	68,718,676
Tax liabilities	357	93,810	2,609,666	–	–	2,703,833
Deferred tax liabilities	2,180,494	36,281	14,673	1,087,574	92,080	3,411,102
Total liabilities	71,435,904	1,369,187	97,939,561	33,584,354	(74,421,846)	129,907,160

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. 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
2020						
Non-cash expenses/(income)						
Bad debts written off	24,000	–	–	–	–	24,000
Depreciation of property, plant and equipment	611,517	684,969	59,573	9,126	(9,919)	1,355,266
Depreciation of right-of-use assets	270,324	249,098	170,633	85,324	(67,852)	707,527
(Gain)/loss on disposal of property, plant and equipment	62	(557,925)	–	–	–	(557,863)
Loss on disposal of right-of-use assets	10,919	–	–	–	–	10,919
Impairment loss on:						
- investment in subsidiary companies	–	–	515,974	2,934,031	(3,450,005)	–
- trade receivables	793,666	27,520	–	–	–	821,186
- other receivables	–	13,600	–	–	–	13,600
Inventories written down	2,768,126	55,340	–	–	–	2,823,466
Property, plant and equipment written off	411,345	–	–	–	–	411,345
Reversal of impairment loss on trade receivables	(5,500)	(74,874)	–	–	–	(80,374)
Waiver of debt by an associate company	(610,808)	–	–	–	–	(610,808)
Unrealised loss/(gain) on foreign exchange	404,903	–	–	(417)	–	404,486

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. 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/(Loss) 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/(Loss) for the financial year	1,386,568	74,723	812,615	(1,753,576)	2,866,279	3,386,609
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 balanes	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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. 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						
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

* Inter-segment revenue, profit and transactions are eliminated.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. 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		
	2020 RM	2019 RM	Segment
Customer			
A	16,899,981	17,611,871	Manufacturing and trading
B	–	19,213,865	Manufacturing and trading
C	40,410,470	39,886,045	Property development
	57,310,451	76,711,781	

34. 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	
2020	
Financial Assets	
Trade receivables	64,892,712
Other receivables	10,491,562
Cash and bank balances	4,710,436
Total financial assets	80,094,710
Financial Liabilities	
Trade payables	32,320,450
Other payables	20,503,821
Bank borrowings	68,718,676
Lease liabilities	1,860,060
Total financial liabilities	123,403,007

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	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
Company	
2020	
Financial Assets	
Other receivables	9,850
Amount due from subsidiary companies	28,141,317
Cash and bank balances	269,116
Total financial assets	28,420,283
Financial Liabilities	
Other payables	61,537
Amount due to subsidiary companies	32,062,733
Lease liabilities	369,510
Total financial liabilities	32,493,780
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)

34. Financial Instruments (Cont'd)

(b) Net losses arising from financial instruments

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Net loss on impairment of financial instruments				
- Financial assets at amortised cost	754,412	499,532	53,989	688,855

(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.

(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.

34. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The Company's maximum exposure in this respect is RM68,816,348 (2019: RM30,955,382), 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 65% (2019: 73%) of the Group's trade receivables were due from 2 (2019: 3) 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. 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						
2020						
Trade payables	32,320,450	–	–	–	32,320,450	32,320,450
Other payables	20,503,821	–	–	–	20,503,821	20,503,821
Bank borrowings	68,004,328	89,328	267,984	919,484	69,281,124	68,718,676
Lease liabilities	764,270	803,181	417,910	–	1,985,361	1,860,060
Total financial liabilities	121,592,869	892,509	685,894	919,484	124,090,756	123,403,007
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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. 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	1 - 2 years RM	2 - 5 years RM	Total Contractual Cash Outflow RM	Total Carrying Amount RM
Company					
2020					
Other payables	61,537	–	–	61,537	61,537
Amount due to subsidiary companies	32,062,733	–	–	32,062,733	32,062,733
Lease liabilities	97,200	97,200	216,100	410,500	369,510
Financial guarantee*	68,816,348	–	–	68,816,348	–
Total financial liabilities	101,037,818	97,200	216,100	101,351,118	32,493,780
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*	30,955,382	–	–	30,955,382	–
Total financial liabilities	61,672,727	–	–	61,672,727	30,717,345

* Being corporate guarantee for banking facilities of certain subsidiary companies which will only be encashed in the event of default by these companies.

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.

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 RM68,816,348 as at 31 March 2020 (2019: RM30,955,382). 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(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.

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
2020						
Cash and bank balances	17,350	50,734	25,979	–	80,614	174,677
Trade payables	(8,540,297)	(1,077,375)	(1,063,142)	(1,152,136)	(118,446)	(11,951,396)
Other payables	–	(15,551)	–	–	–	(15,551)
	(8,522,947)	(1,042,192)	(1,037,163)	(1,152,136)	(37,832)	(11,792,270)
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)

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
2020				
Cash and bank balances	–	103	11,416	11,519
2019				
Cash and bank balances	2,469	3,269	16,802	22,540

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. 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

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.

	2020		2019	
Group	**Change in currency rate RM**	**Effect on profit before tax RM**	**Change in currency rate RM**	**Effect on profit before tax RM**
JPY	Strengthened 5%	(426,147)	Strengthened 5%	(566,867)
	Weakened 5%	426,147	Weakened 5%	566,867
SGD	Strengthened 5%	(52,110)	Strengthened 5%	(16,636)
	Weakened 5%	52,110	Weakened 5%	16,636
HKD	Strengthened 5%	(51,858)	Strengthened 5%	(24,049)
	Weakened 5%	51,858	Weakened 5%	24,049
GBP	Strengthened 5%	(57,607)	Strengthened 5%	(57,473)
	Weakened 5%	57,607	Weakened 5%	57,473
Company				
JPY	Strengthened 5%	–	Strengthened 5%	123
	Weakened 5%	–	Weakended 5%	(123)
SGD	Strengthened 5%	5	Strengthened 5%	163
	Weakened 5%	(5)	Weakened 5%	(163)

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. Financial Instruments (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

The carrying amounts of the Group and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	2020 RM	2019 RM
Group		
Fixed rate instruments		
Financial asset		
Fixed deposits with licensed banks	–	109,707
Financial liability		
Finance lease payables	–	(452,930)
Lease liabilities	1,860,060	–
	1,860,060	(452,930)
Floating rate instrument		
Financial asset		
Short-term funds with licensed financial institutions	–	7,615,000
Financial liability		
Bank borrowings	(68,718,676)	(31,037,407)

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.

	2020 RM	2019 RM
Effect to profit or loss		
Group		
Interest rate increased by 0.5%	(343,593)	(117,112)
Interest rate decreased by 0.5%	343,593	117,112

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. 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		
2020		
Financial Liabilities		
Contingent liabilities	45,000	@
2019		
Financial Liabilities		
Finance lease payables (Level 2)	452,930	447,223
Contingent liabilities	575,000	@
Company		
2020		
Financial Liability		
Contingent liabilities	68,816,348	@
2019		
Financial Liability		
Contingent liabilities	30,955,382	@

@ It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, cost and eventual outcome.

35. Contingencies

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Bank guarantees issued for				
- execution of contracts of the subsidiary companies	45,000	575,000	–	–
Corporate guarantees to licensed banks for credit facilities granted to subsidiary companies				
- Limit of guarantees	–	–	103,856,348	90,121,382
- Amount utilised	–	–	68,816,348	30,955,382
	45,000	575,000	172,672,696	121,076,764

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

36. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group	
	2020 RM	**2019 RM**
Total loans and borrowings	70,578,736	31,490,337
Less: Cash and cash equivalents	(4,710,436)	(10,505,243)
Net debt	65,868,300	20,985,094
Total equity	119,286,800	115,912,139
Gearing ratio	0.55	0.18

37. 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.

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").

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

37. Significant Events (Cont'd)

(a) Proposed Special Issue of Shares (Cont'd)

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 ("RPS") in Stellar 8 Sdn. Bhd. ("Stellar 8") via a conditional subscription agreement between Stellar 9 and BKG Development Sdn Bhd ("BKG"), a wholly-owned subsidiary of the Company;

The Subscription Agreement was completed and RPS subscribed on 1 November 2019.

(b) Proposed joint development via a conditional joint venture agreement between Stellar 8 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").

Bursa Securities had on 18 June 2020 re-approved the extension of time up to 3 January 2021 for the Company to complete the Proposed Special Issue.

38. Subsequent Events

(i) Increase in paid up share capital

On 13 May 2020, 22 May 2020, 9 June 2020, 16 June 2020, 24 June 2020, 1 July 2020, 16 July 2020, 21 July 2020, 24 July 2020, 29 July 2020, 6 August 2020 and 13 August 2020, the Company increased its issued and paid up ordinary share capital from RM62,535,726 to RM62,807,392 by way of issuance of 1,043,000 ordinary shares through conversion of Warrants at an exercise price of RM0.20 for a total cash consideration of RM208,600.

(ii) Effect of Outbreak of Coronavirus Pandemic

The Directors of the Company have closely monitored the development of the outbreak of coronavirus pandemic ("COVID-19") infection in Malaysia that may affect the business performance, financial performance and financial position of the Group and of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that affected the Group and the Company business operations. As at the date of this report, the financial impact of the COVID-19 outbreak to the Group and to the Company cannot be reasonably estimated due to the inherent unpredictable nature and rapid development relating to COVID-19, the extent of the impact depends on the on-going precautionary measures introduced by each country to address this pandemic and the durations of the pandemic. As such, the Directors of the Company will continue to closely monitor the situations and respond proactively to mitigate the impact on the Group's and the Company's financial performance and financial position.

39. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 18 August 2020.

GROUP **PROPERTIES**
As at 31 March 2020

Location of properties	Tenure	Area (Square metre)	Description	Approximate Age of Building	Expiry Date	Date of acquisition/ revaluation	Carrying amount At 31.3.20 RM'000
Chin Hin Group Property Berhad							
1. GM 266 Lot No. 240 Mukim Tebrau, District of Johor Bahru, Johor	Freehold Land	13,506	Vacant Land			20 August 2007/13 May 2020	16,200
2. GM 755 Lot No. 44506 Mukim Tebrau, District of Johor Bahru, Johor	Freehold Land	8,877	Land & Building	9 years		20 August 2007/13 May 2020	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	16-21 years		16 December 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	16-21 years		16 December 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	16-21 years		16 December 2019	Note A: 38,008
4. GM 456, Lot 1810 Mukim 9, 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang	Freehold Land	18,818	Office & Factory	16-21 years		16 December 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	16-21 years		16 December 2019	
6. 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	16 December 2019	1,280

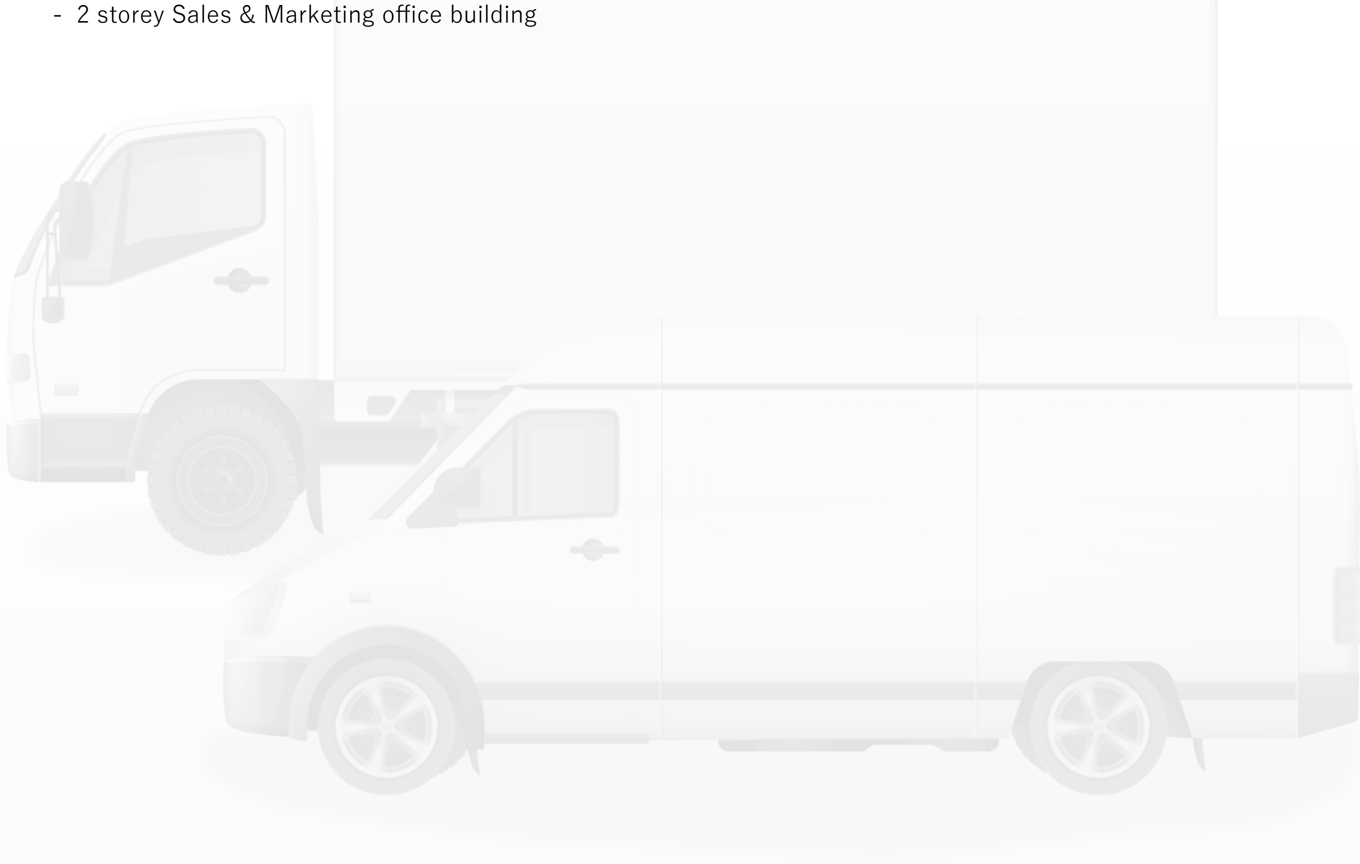
GROUP PROPERTIES

(CONT'D)

Location of properties	Tenure	Area (Square metre)	Description	Approximate Age of Building	Expiry Date	Date of acquisition/ revaluation	Carrying amount At 31.3.20 RM'000
BKHS Capital Sdn. Bhd.							
1. GM 132 Lot No. 4590 Mukim Bagan Samak, Daerah Bandar Baharu, Negeri Kedah.	Freehold Land	9,029	Vacant Land			11 December 2019	884
2. GM 134 Lot No. 4592 Mukim Bagan Samak, Daerah Bandar Baharu, Negeri Kedah.	Freehold Land	15,656	Land under Property Development			11 December 2019	1,554

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 3 August 2020

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	195	12.81	8,608	0.00
100 - 1,000	469	30.82	140,471	0.05
1,001 - 10,000	484	31.80	2,446,428	0.82
10,001 - 100,000	283	18.59	11,199,572	3.76
100,001 - less than 5% of issued shares	85	5.59	72,872,389	24.50
5% and above of issued shares	6	0.39	210,810,732	70.87
TOTAL	**1,522**	**100.00**	**297,478,200**	**100.00**

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

		Direct		Indirect	
No.	Name	No. of Shares	%	No. of Shares	%
1	Datuk Seri Chiau Beng Teik	57,156,100	19.21	110,108,435 *	37.01
2	Dato' Goh Boon Koon	2,650,000	0.89	49,324,690 #	16.58
3	Ho Kok Loon	67,500	0.02	–	–
4	Chiau Haw Choon	7,859,000	2.64	110,108,435 *	37.01
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.

* Deemed interest by virtue of his shareholdings in PP Chin Hin Realty Sdn. Bhd., which is the holding company of Divine Inventions Sdn. Bhd. pursuant to Section 8 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	57,156,100	19.21	110,108,435 (ii)	37.01
2	Dato' Goh Boon Koon	2,650,000	0.89	48,735,997 (i)	16.38
3	Datin Lee Teoh Kee	–	–	48,735,997 (i)	16.38
4	BKNT Resources Sdn Bhd	48,735,997	16.38	–	–
5	Goh Boon Leong	–	–	48,735,997 (i)	16.38
6	Divine Inventions Sdn Bhd	110,108,435	37.01	–	–
7	Chiau Haw Choon	7,859,000	2.64	110,108,435 (ii)	37.01
8	Datin Seri Wong Mee Leng	–	–	110,108,435 (ii)	37.01
9	PP Chin Hin Realty Sdn Bhd	–	–	110,108,435 (iii)	37.01

ANALYSIS OF SHAREHOLDINGS
(CONT'D)

LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY (cont'd)

(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 Act.
(ii) Deemed interest by virtue of his/her shareholdings in PP Chin Hin Realty Sdn. Bhd., which is the holding Company of Divine Inventions Sdn. Bhd. pursuant to Section 8 of the Act.
(iii) Deemed interest pursuant to Section 8 of the Act through its wholly-owned subsidiary, Divine Inventions Sdn Bhd.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Divine Inventions Sdn Bhd*	50,732,035	17.05
2	BKNT Resources Sdn. Bhd.	48,735,997	16.38
3	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chiau Beng Teik*	38,300,000	12.87
4	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Divine Inventions Sdn Bhd (MGN-CBT0006M)*	32,542,700	10.94
5	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad For Divine Inventions Sdn Bhd (Smart)*	25,000,000	8.40
6	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad For Chiau Beng Teik (Smart)*	15,500,000	5.21
7	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Dato' Ong Choo Meng (PBCL-0G0817)*	10,000,000	3.36
8	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad For Chiau Haw Choon (Smart)*	7,859,000	2.64
9	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Che Halin Bin Mohd Hashim*	5,064,700	1.70
10	Teoh Hai Hin	4,040,008	1.36
11	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad for BIMB I Growth Fund (940160)*	4,018,000	1.35
12	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ong Choo Meng*	4,000,000	1.34
13	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Chiau Beng Teik*	3,356,100	1.13
14	Goh Boon Koon	2,650,000	0.89
15	Lim Ah Tee	2,070,600	0.70
16	M&A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account For Divine Inventions Sdn Bhd (M&A)*	1,833,700	0.62
17	Koey Ching Hock	1,410,000	0.47
18	Ooi Chen Seng	1,350,000	0.45
19	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Lim Kian Hin*	1,318,300	0.44
20	Gyman Global Industries Sdn Bhd	1,014,800	0.34
21	Mohd Salleh Bin Hashim	1,000,000	0.34
22	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad For Ooi Chen Seng (Smart)*	920,000	0.31
23	Cartaban Nominees (Tempatan) Sdn Bhd *SCBMB Trustee Berhad For BIMB Dana Al-Munsif*	861,000	0.29
24	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chiau Beng Soo (7003772)*	860,000	0.29
25	HLIB Nominees (Tempatan) Sdn Bhd *Hong Leong Bank Berhad For Chin Yoke Meng*	800,000	0.27
26	Lee See Seng	740,000	0.25
27	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Kian Hin*	690,000	0.23
28	Lee Keang Weng	644,700	0.22
29	Teoh Hai Peng	627,100	0.21
30	Goh Vincent	608,200	0.20
	TOTAL	**268,546,940**	**90.25**

ANALYSIS OF **WARRANT HOLDINGS**

As at 3 August 2020

Total Number of Warrants outstanding	:	126,946,800
Exercise Price Per Warrant	:	RM0.20 each

ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size of Holdings	No of Warrantholders	%	No. of Warrants	%
1 -99	5	1.55	191	0.00
100 - 1,000	24	7.45	12,538	0.01
1,001 - 10,000	70	21.74	416,823	0.33
10,001 - 100,000	148	45.97	7,071,551	5.57
100,001 - less than 5% of issued warrants	71	22.05	47,777,768	37.63
5% and above of issued warrants	4	1.24	71,667,929	56.46
TOTAL	**322**	**100.00**	**126,946,800**	**100.00**

DIRECTORS' WARRANTS HOLDINGS IN THE COMPANY

		Direct		Indirect	
No.	**Name**	**No. of Warrants**	**%**	**No. of Warrants**	**%**
1	Datuk Seri Chiau Beng Teik	34,774,000	27.39	2,787,700 *	2.20
2	Dato' Goh Boon Koon	31,847,373	25.09	2,200,000 #	1.73
3	Ho Kok Loon	33,750	0.03	–	–
4	Chiau Haw Choon	–	–	2,787,700 *	2.20
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)	–	–	–	–

* Deemed interest by virtue of his shareholdings in PP Chin Hin Realty Sdn. Bhd., which is the holding company of Divine Inventions Sdn. Bhd. pursuant to Section 8 of the Act.

Deemed interest by virtue of the warrants held through his children pursuant to Section 59(11)(c) of the Act.

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	25.09
2	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chiau Beng Teik*	18,301,600	14.42
3	Goh Boon Leong	11,080,556	8.73
4	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad For Chiau Beng Teik (Smart)*	10,438,400	8.22
5	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Chiau Beng Teik*	3,034,000	2.39

ANALYSIS OF WARRANT HOLDINGS
(CONT'D)

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS (cont'd)

No.	Name of Warrant holders	No. of Warrants	% of total issued Warrants
6	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chiau Beng Teik*	3,000,000	2.36
7	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Lim Kian Hin*	2,880,100	2.27
8	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Divine Inventions Sdn Bhd*	2,607,700	2.05
9	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeoh Hock Seng*	2,309,700	1.82
10	Goh Yin Ling	2,200,000	1.73
11	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Peh Lian Hwa (7001214)*	2,104,500	1.66
12	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Keh Chuan Seng*	1,952,100	1.54
13	Goh Vincent	1,841,000	1.45
14	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chng Teong Seng*	1,603,500	1.26
15	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Keh Chuan Seng (7001511)*	1,173,700	0.92
16	Kee Phek See	1,150,000	0.91
17	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Woo Ching Yuen (Rem 157)*	1,040,000	0.82
18	Cheng See Shan	1,000,000	0.79
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	0.66
21	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Che Halin Bin Mohd Hashim*	811,000	0.64
22	Goh Pei Chiek	760,000	0.60
23	Yee Choon Fatt	700,000	0.55
24	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Kian Hin*	620,000	0.49
25	Lok Ai Tee	610,000	0.48
26	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Chew Win*	600,000	0.47
27	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Choong Foong Ming (021)*	600,000	0.47
28	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeo An Thai*	600,000	0.47
29	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Low Kum Moon (7001268)*	575,200	0.45
30	Loh Sai Eng	571,000	0.45
	TOTAL	**107,702,529**	**84.83**

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CHIN HIN™

CHIN HIN GROUP PROPERTY BERHAD
[Company No.: 200101017677 (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 /Company No.)..) of ....

....
(ADDRESS)

or failing *him/her, ...
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)

(NRIC/Passport /Company 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 Eighteenth 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 Monday, 28 September 2020 at 2:30 pm and at any adjournment thereof.

AGENDA

	Receive the Audited Financial Statements for the financial year ended 31 March 2020 and the Reports of the Directors and Auditors thereon		
Ordinary Resolutions		**For**	**Against**
1	Approval of payment of Directors' fees and Directors' benefits for the financial year ending 31 March 2021		
2	Re-election of Mr Khoo Chee Siang as Director		
3	Re-election of Datuk Yeo Chun Sing 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		

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 ...., 2020.

....
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. There shall be no restriction as to the qualification of the proxy.
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 not more than two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies, 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 the Article 69 of the Company's Constitution and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("**ROD**") as at 21 September 2020 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 Eighteenth Annual General Meeting are to be voted by poll.

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Postage
Stamp

The Company Secretaries

CHIN HIN GROUP PROPERTY BERHAD
Registration No. 200101017677 (553434-U)
51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

2nd Fold Here

Fold This Flap For Sealing

CHIN HIN GROUP PROPERTY BERHAD
Registration No. 200101017677 (553434-U)