AVILLION BERHAD

ANNUAL REPORT 2019

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Sri Dr. Samsudin Bin Hitam
(Chairman)

Datuk Roslan Bin Abdul Rahman
(Independent Non-Executive Director)
(Appointed on 5 April 2019)

See Ah Sing
(Group Managing Director)
(Appointed on 15 March 2019)

Norizan Binti Idris
(Independent Non-Executive Director)
(Appointed on 4 April 2019)

Onn Kien Hoe
(Independent Non-Executive Director)

Yulina Binti Baharuddin
(Non-Independent Executive Director)
(Resigned on 2 April 2019)

Dato' Faisal Zelman Bin Datuk Abdul Malik
(Independent Non-Executive Director)
(Resigned on 9 April 2019)

MEMBERS OF AUDIT COMMITTEE

Onn Kien Hoe
(Chairman, Independent Non-Executive Director)

Tan Sri Dato' Sri Dr. Samsudin Bin Hitam
(Independent Non-Executive Director)

Norizan Binti Idris
(Independent Non-Executive Director)
(Appointed on 9 April 2019)

Dato' Faisal Zelman Bin Datuk Abdul Malik
(Independent Non-Executive Director)
(Resigned on 9 April 2019)

MEMBERS OF NOMINATION COMMITTEE

Tan Sri Dato' Sri Dr. Samsudin Bin Hitam
(Chairman, Independent Non-Executive Director)

Onn Kien Hoe
(Independent Non-Executive Director)

Norizan Binti Idris
(Independent Non-Executive Director)
(Appointed on 9 April 2019)

Dato' Faisal Zelman Bin Datuk Abdul Malik
(Independent Non-Executive Director)
(Resigned on 9 April 2019)

MEMBERS OF REMUNERATION COMMITTEE

Datuk Roslan Bin Abdul Rahman
(Chairman, Independent Non-Executive Director)
(Appointed on 9 April 2019)

Tan Sri Dato' Sri Dr. Samsudin Bin Hitam
(Independent Non-Executive Director)

Onn Kien Hoe
(Independent Non-Executive Director)

Dato' Faisal Zelman Bin Datuk Abdul Malik
(Chairman, Independent Non-Executive Director)
(Resigned on 9 April 2019)

COMPANY SECRETARY

Wong Youn Kim
(MAICSA No. 7018778)

REGISTERED OFFICE

Unit 8E, Level 8, Wisma YPR
No. 1, Lorong Kapar, Off Jalan Syed Putra
58000 Kuala Lumpur
Tel: 03-2262 0100
Fax : 03-2262 0293

PRINCIPAL AUDITORS

Messrs Baker Tilly Monteiro Heng PLT
(LLP0019411-LCA) (AF0117)
Chartered Accountants (Malaysia)

STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia Securities Berhad

SHARE REGISTRARS

Boardroom Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor, Malaysia.
Tel: 03-78490777
Fax: 03-78418151/52

PRINCIPAL BANKERS

RHB Bank Berhad
Malayan Banking Berhad
CIMB Bank Berhad
Bangkok Bank Berhad
Hong Leong Bank Berhad

AVILLION PORT DICKSON AWARDS

2018
World Luxury Hotel Awards 2018
Luxury Family Beach Resort

HAPA Malaysia Awards Series 2018 - 2020
Family & Recreational Resort (Benchmark Achiever)

2017
World Luxury Hotel Awards 2017
Winner - Luxury Beach Resort, Malaysia Category
Winner - Luxury Spa Hotel, Malaysia Category

International Hotel Awards 2017-18
Best Large Hotel Best Resort Hotel Best Spa Hotel
Best Wedding Venue

World Luxury Restaurant Awards 2017
Regional Winner:
Luxury Family Restaurant

2016
World Luxury Hotel Award 2016
Winner – Luxury Spa Hotel, Malaysia Category

2015
19th Malaysia Tourism Award 2014/15
Best Spa Category (Finalist)

2012
World Luxury Hotel Awards 2012
Country Luxury Boutique Hotel

Best of Malaysia Awards 2012
Best Family Stay, Excellence Awards

2011
World Luxury Hotel Awards 2011
Country Luxury Boutique Hotel

2010
World Luxury Hotel Awards 2010
Luxury Boutique Hotel

HotelClub Awards 2010
Outstanding Beach Resort

2000
Pertubuhan Akitek Malaysia (PAM) 2000
Hotel & Resort Buildings: Excellence Award in Architecture

AVILLION ADMIRAL COVE AWARD

2018
MAH Hotel Management Grand Prix Awards
Second Runner-Up Prize

AVI SPA AWARDS

2018
Haute Grandeur Global Excellence Awards
Best Resort Spa in Malaysia

HAPA Malaysia Awards Series 2018 - 2020
Most Outstanding - HAPA Spa of the Year

2017
Haute Grandeur Global Hotel Awards 2017
Best Resort Spa in Malaysia

2016
Luxury LIfestyle Awards
Winner – Luxury Spa & Wellness
Centre of Malaysia 2016

World Luxury Spa Awards
Best Luxury Resort Spa(Finalist)

Hospitality Asia Platinum Awards Malaysia (HAPA), Malaysia Series 2016-2018
Winner, HAPA Indulging Spa of the Year
Tempting Experience

2015
World Luxury Spa Awards
Winner - Best Luxury Resort Spa

Luxury Lifestyle Awards
Winner – Luxury Spa & Wellness
Centre of Malaysia 2015

2014
World Luxury Spa Awards 2014
Winner, Best Luxury Resort Spa
Finalist, Best Luxury Destination Spa

2013
Hospitality Asia Platinum Awards Malaysia (HAPA), Malaysia Series 2013-2015
Winner, HAPA Indulging Spa of the Year - Tempting Experience

World Luxury Spa Awards 2013
Finalist, Best Luxury Resort Spa

2012
World Luxury Spa Awards 2012
Best Luxury Emerging Spa

Asia Pacific Property Awards 2012
Leisure Architecture for Malaysia

2010
Hospitality Asia Platinum Awards Malaysia (HAPA), Series 2010-2012
HAPA Best Experience

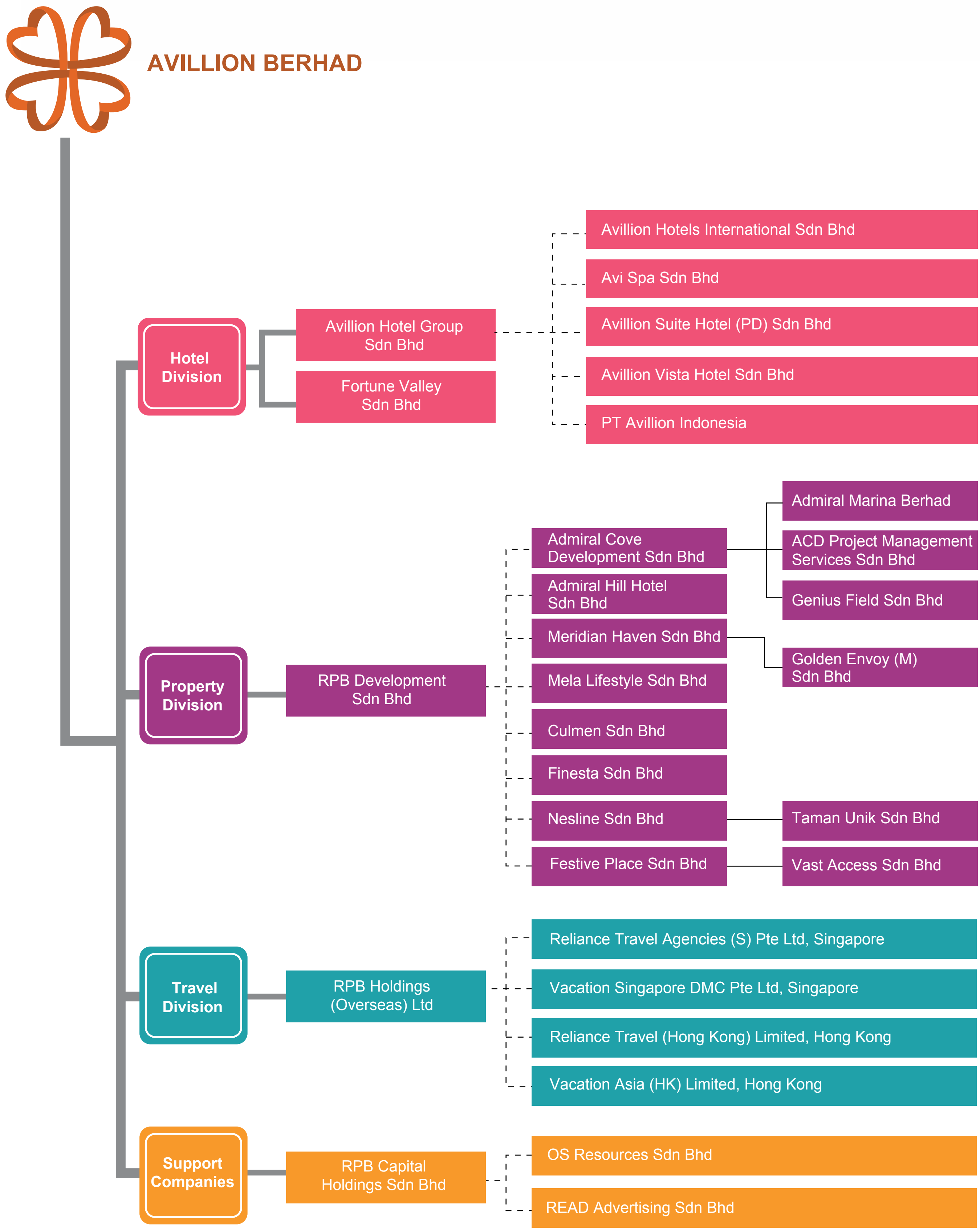
2009
Malaysia Spa & Wellness Awards (MSWA) 2009
Best New Spa
Best Traditional Treatment, Malay Strength

Harper's Bazaar Spa Awards 2009
Most Unique Spa Destination

The Malaysian Women's Weekly 2009
Best Spa with a View: Best In Beauty - Quality, Results & Services

Asia Pacific Interior Design Awards (APIDA) 2009
Silver Award Recipient

GROUP STRUCTURE
AS OF 31 MARCH 2019



CHAIRMAN'S STATEMENT

As expected, the financial year under review proved to be a most challenging one, consistent with the national economy as well as public and corporate spending. Hence, it was of little surprise for both the Board and Management that results for the Financial Year Ended (FYE) 31 March 2019 were lackluster.

The Group recorded a revenue of RM111.35 million, down 15.28% from RM131.42 recorded in the previous corresponding period. The Group's result was impacted mostly by the Hotel and Travel divisions, which were mired in a most challenging operating environment.

The Board's decision to fully impair the goodwill associated with the Group's Property division (approximately RM10.90 million) and travel division (approximately RM12.47 million), resulted in a wider net loss of RM22.86 million. As a result, net loss before tax increased to RM38.84 million from RM15.98 million for FYE 31 March 2018.

Looking ahead, the Board expects an equally if not more, challenging period for the coming Financial Year. Despite this, we remain cautiously optimistic that the Management has the capacity and comprehensive plans to turn around the Group after two consecutive years of losses. This is further elaborated by the Management in the accompanying Management Discussion and Analysis.

We remain confident that under the guidance and supervision of the Board, the Management will diligently pursue its set goals outlined for the Hotel, Property and Travel Divisions in order to bring the Group to a new era of growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

The Group's principal business remained unchanged for the period under review. Our core business divisions are namely Hotel, Property and Tourism.

2018 was a year with many challenges. Being heavily skewed in the services and hospitality industry, the Group continued to operate under a very challenging operating environment as demand is very much dependent of the state of the economy, public and corporate sector spending and the disposal income of households.

Review of Financial Performance

For the FYE 31 March 2019, the Group recorded revenue of approximately RM111.35 million, representing a decrease of approximately RM20.07 million or 15.28% as compared to revenue of approximately RM131.42 million for the FYE 31 March 2018. The lower revenue was mainly due to the very challenging operating environment which resulted in lower revenue registered by the Group's Hotel and Travel division.

During the FYE 31 March 2019, the Group recognized the impairment losses on investment properties and goodwill amounting to approximately RM0.501 million and RM23.373 million respectively. The Board has decided to fully impair the goodwill associated with the Group's property division (approximately RM10.90 million) and travel division (approximately RM12.47 million) in view of the challenging environment. As a result of the impairment losses recorded, the Group's net loss before tax widened by approximately RM22.86 million or 143% from approximately RM15.98 million for the FYE 31 March 2018 to approximately RM38.84 million for the FYE 31 March 2019.

Avillion Berhad 5-year financial highlights disclosed at https://www.avillionberhad.com.

Segmental Business Review

Hotel Division

Our revenue is derived primarily from the operation of our own properties and provision of hotel management services.

The Hotel Division registered a total Revenue of RM38.86 million and operation loss (after Depreciation before MFRS 9 amortized cost measurement, intercompany loan written off and tax) of RM1.89 million respectively as compared to a total Revenue and operation profit after Depreciation before tax of RM42.90 million and RM0.57 million respectively in last financial year.

The lower revenue was mainly as a result of lower corporate and government spending and concomitant decline in both occupancy and rates. Revenue was also impacted by lower overall tourist arrivals volume from the People's Republic of China to Malaysia.

Property Division

The revenue for the Property Division is at RM11.69 million for FYE 31 March 2019 and last financial year. However, loss before tax for FYE 31 March 2019 is at RM7.57 million as compared to RM5.429 million in last financial year. The Division suffered losses mainly due to depreciation on land and building and low margin registered by the Desa Impian project in Johor.

Following the successful completion and hand over of Phase 1, Desa Impian, Johor in FYE 31 March 2016, the Property Division has obtained the approval for the development of Phase 2A. Phase 2A comprises of 50 units of residential and 52 units of Commercial property was launched in FYE 31 March 2019. The sales for the residential units are encouraging. The sales of commercial property are slower as a result of affordability, funding gap and poor property market sentiment. Several measures were taken to continue to drive the sales and to help the genuine buyer to bridge the gap between affordability and financing.

Travel Division

The FYE 31 March 2019 is a challenging year for Travel Division. The Travel Division recorded a decline in revenue of 20.87% mainly due to the shift in market focus arising from low yield and stiff competition. Despite the decline in revenue, the Travel Division has managed to reduce operation losses after an intensified business operation re-structuring and cost rationalization exercise.

PROSPECTS

The Group will face another challenging year for Financial Year (FY) 2019/2020. However, we remain cautiously confident with some modest recovery barring any unforeseen circumstances affecting the global and regional economy and domestically.

Hotel Division

The Hotel Division will continue to grow with its homegrown internationally recognized hotel brand, Avillion. To date, the Division operate a chain of hotels and spa in Malaysia and Indonesia, namely Avillion Port Dickson, aVi Spa, Avillion Admiral Cove, Avillion Legacy Melaka, Avillion Cameron Highland, Admiral Marina and Leisure Club and Avillion Villa Cinta in Bali.

In the FY2018/2019, the Group unveiled a new brand under Avillion Hotel Group, called AVI by Avillion. This is another strategy adopted by the Group to add more properties to the Group and extending the coverage of the Avillion brand. To date, the Group has secured 2 AVI Hotels in Malaysia, AVI Pangkor Beach Resort by Avillion and AVI Johor Bahru by Avillion.

AVI Pangkor Beach Resort is due to be open for operation in the 3rd quarter of 2019. AVI Johor Bahru is currently under construction and schedule to complete and open in Financial year 2022/23.

The Division will continue to pursue aggressively new management contracts to add to its current stable of hotels and resorts in FY 2019/2020 and in the future years.

To further improve the performance, improve market share and yield of the Hotel Division, the Division intends to progressively embark on an asset enhancement and refurbishment program on some of its properties, beginning with our flagship, Avillion Port Dickson. The expected outcome is a new, refreshing and invigorating and unique experience for all our guests to all Avillion hotels and resorts. Our objective is to reclaim our dominant position as the preferred resort in Port Dickson and all the other locations of hotels and resorts. This will ultimately lead to the ambition and long-term intention of franchising the Avillion brand in the Asia Pacific region.

Property Division

Desa Impian, the 165-acre mix development/township consisting of commercial, residential and education hubs in Bandar Tenggara, Johor is an existing on-going development.

The Division has launched Phase 2A, Desa Impian in year 2018. Phase 2B is currently in the planning stage and will launched at the appropriate time subject to property market condition. Development plans are also in progress for various parcels of prime land in Port Dickson and Kuala Lumpur in order to monetize these fixed assets.

Travel Division

The Division has gone through a rationalization exercise and is expected to have leaner structure and optimizing revenue.

However, we remain cautious of the performance of the Division as margin remain under pressure as a result of industry headwinds. We will continue to monitor and assess the performance of the business.

As 2020 is designated as Visit Malaysia Year 2020, we anticipate more traction in terms of numbers of tourist especially from East Asia. We are exploring various opportunities with various parties domestically or from source countries to capitalize on the expected spike in tourist arrivals.

RISKS

There are no material risks facing the Group other than normal business and operational risks as in any other company in the same industry. The Management will ensure all such risks are carefully managed and mitigated to prevent any unforeseen circumstances that may severely impact the performance of the Group.

CONCLUDING REMARKS

The Management is cautiously optimistic and committed to improve efficiency and bottom-line. Management would like to assure our shareholders that the Management will work closely under the guidance of the Board of Directors to ensure that all parties work diligently, selflessly and in unity to bring about a new era for the Group.

PROFILE OF DIRECTORS

Name	:	**TAN SRI DATO' SRI DR. SAMSUDIN BIN HITAM**
Age	:	72
Gender	:	Male
Nationality	:	Malaysian
Executive/Non Executive/Independent	:	Independent Non-Executive Chairman
Date of appointment	:	6 March 2015
Qualification	:	Tan Sri graduated with BA (Hons) from the University of Malaya and obtained a MSc in Agricultural Economics from the University of Wisconsin, USA. He later pursued his PhD in Land Resources with the University of Wisconsin, USA
Working experience & Occupation	:	Tan Sri has served in the Ministry of Finance (1970 - 1982) and the Economic Planning Unit (1986 – 2000). While with the Economic Planning Unit, he was promoted to Director General of EPU. In 2000, he was appointed as Secretary General of the Ministry of Finance. He retired from the Public Service in 2004. During his tenure with the Government, Tan Sri was also a director of various corporations, including Petroliam Nasional Berhad, Khazanah Nasional Berhad, HICOM Holdings Berhad, Malaysia Airlines Berhad, and Pos Malaysia & Services Holdings Berhad. Tan Sri is currently the Chairman of Rosegate Insurance Brokers Sdn. Bhd.
Board Committee belongs	:	Chairman of Nomination Committee, Member of Remuneration Committee and Audit Committee.
Other directorship in public companies and listed corporations	:	Nil
Family relationship with director/major shareholder	:	NIl
Conflict of interest	:	Nil
list of convictions for offences within the past 5 years if any	:	Nil
Number of Board meetings attended	:	10/10

Name	:	**DATUK ROSLAN BIN ABDUL RAHMAN**
Age	:	61
Gender	:	Male
Nationality	:	Malaysian
Executive/Non Executive/Independent	:	Independent Non-Executive Director
Date of appointment	:	05 April 2019
Qualification	:	Datuk Roslan initially graduated with a Diploma in Fisheries from Universiti Putra Malaysia (Formerly Known as Universiti Pertanian Malaysia) in 1977. Thereafter, Datuk Roslan further obtained an array of academic qualifications, which are, a Bachelor's Degree of Science in Food and Resource Economics, a Degree in Science from the Universiti Putra Malaysia (Formerly Known as Universiti Pertanian Malaysia) in 1981, a diploma in Public Management from the National Institute of Public Administration in 1983, before graduating with a Master of Arts (MA) in International Affairs from the University of Denver in 1993.
Working experience & Occupation	:	Datuk Roslan joined the Fisheries Department in 1981 before being appointed as an Assistant Director of a Research Division which falls under the purview of the Prime Minister's Department in 1984. In 2007, Datuk Roslan helmed the position of a Deputy Director of the same department Datuk Roslan was appointed as the Director of Strategic Unit under the Prime Minister's Department in 2009. Datuk Roslan eventually went on to become the Deputy Director General and Director General of the said unit respectively in 2012 and 2014
Board Committee belongs	:	Chairman of Remuneration Committee
Other directorship in public companies and listed corporations	:	Nil
Family relationship with director/major shareholder	:	Nil
Conflict of interest	:	Nil
list of convictions for offences within the past 5 years if any	:	Nil
Number of Board meetings attended	:	Nil

Name	:	**ONN KIEN HOE**
Age	:	54
Gender	:	Male
Nationality	:	Malaysian
Executive/Non Executive/Independent	:	Independent Non-Executive Director
Date of appointment	:	1 June 2016
Qualification	:	He is a fellow member of the Association of Chartered Certified Accountants (ACCA) and he has been involved in the auditing profession since 1988.
Working experience & Occupation	:	He joined Crowe Malaysia (then known as Mok & Poon) in 1994 and was in charge of the audit of listed companies and multi-national companies. He is now the Co-head of the Corporate Advisory department of Crowe Malaysia in Kuala Lumpur. He has extensive experience in cross border transactions involving mergers and acquisitions, listing, reverse takeovers, due diligence reviews and valuation assignments. He has been involved in transactions on international stock exchanges including London, Hong Kong, Singapore, Australia and Malaysia.
Board Committee belongs	:	He was appointed as a Chairman of the Audit Committee, member of Nomination Committee and Remuneration Committee.
Other directorship in public companies and listed corporations	:	Mr. Onn currently sits as an Independent Non-Executive Director of MAA Group Berhad, MAA International Group Ltd, Zurich Takaful Malaysia Berhad and Zurich General Takaful Malaysia Berhad.
Family relationship with director/major shareholder	:	Nil
Conflict of interest	:	Nil
list of convictions for offences within the past 5 years if any	:	Nil
Number of Board meetings attended	:	9/10

Name	:	**PUAN NORIZAN BINTI IDRIS**
Age	:	40
Gender	:	Female
Nationality	:	Malaysian
Executive/Non Executive/Independent	:	Independent Non-Executive Director
Date of appointment	:	04 April 2019
Qualification	:	She graduated with a Degree in Bachelor of Corporate Administration from the Universiti Teknologi Mara (UiTM) in 2000.
Working experience & Occupation	:	She has more than 15 years' working experience in various industries, such as Financial Institution, Property Development and National Oil and Gas. She possesses advance skills in Business Planning & Performance Management, Corporate Planning and Strategic and New Ventures for Petronas Upstream Business. She has more than 10 years' working experience in assisting top management in setting up the strategic direction of a company.
Board Committee belongs	:	She is a member of the Audit Committee and Nomination Committee
Other directorship in public companies and listed corporations	:	Nil
Family relationship with director/major shareholder	:	Nil
Conflict of interest	:	Nil
list of convictions for offences within the past 5 years if any	:	Nil
Number of Board meetings attended	:	Nil

Name	:	**SEE AH SING**
Age	:	60
Gender	:	Male
Nationality	:	Malaysian
Executive/Non Executive/Independent	:	Group Managing Director
Date of appointment	:	He was appointed to the Avillion Board on 15 March 2019. On 2 April 2019, he was re-designated as Group Managing Director.
Qualification	:	He graduated with a Bachelor of Economics (Hons) degree from University of Malaya and holds a Diploma in Public Management, INTAN
Working experience & Occupation	:	He joined the Malaysian Civil Service in 1984. He has served in various ministries including the Ministry of Housing, Economic Planning Unit and Ministry of Finance. He was the Chief Executive Officer of Pantai Fomema for 3 years. He was also an executive director of Protasco Berhad. Prior to his appointment as Executive Director, he worked as a freelance consultant in business development, M&A and strategic planning. He was appointed as an Independent Non-Executive Director of Avillion Berhad (Formerly known as Reliance Pacific Berhad) on 28 November 2014. He was subsequently appointed as an Executive Director of Avillion Berhad (Formerly known as Reliance Pacific Berhad) on 22 April 2015 and re-designated as Group Managing Director of Avillion Berhad (Formerly known as Reliance Pacific Berhad) on 10 October 2016. He retired from Avillion Berhad (Formerly known as Reliance Pacific Berhad) on 25 September 2017.
Board Committee belongs	:	Nil
Other directorship in public companies and listed corporations	:	Nil
Family relationship with director/major shareholder	:	He is the spouse of Ms Hedy Gan See Tong who is the director and shareholder of Mazmur Capital Sdn Bhd. Mazmur Capital Sdn Bhd is a substantial shareholder of Avillion Berhad.
Conflict of interest	:	Nil
list of convictions for offences within the past 5 years if any	:	Nil
Number of Board meetings attended	:	Nil

PROFILE OF SENIOR MANAGEMENT

ANGELINE CHONG
Chief Financial Officer

Angeline, a Malaysian aged 56, joined the Avillion Group in 1997 and she currently holds the position of Chief Financial Officer of Avillion, responsible for Avillion Group's financial and corporate matters.

She is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and member of the Malaysian Institute of Accountants (MIA).

She has more than 31 years of experience in financial management, corporate finance, audit, strategic planning and management. In the course of her professional career, Angeline possesses hands-on experience in the financial management of the hotel, property and tourism industry.

HELEN TAN
Director of Business Development

Helen, a Malaysian aged 60, joined the Company as Director of Sales & Marketing in 2007.

She holds a Bachelor of Science (Hons) in Economics from University College, Cardiff and has more than 35 years of experience in the hospitality Industry.

She is primary accountable for maximising revenues by developing promotions and programs to increase occupancy, create brand awareness and sourcing for new hotel management opportunities. As the Director of Business Development, Helen is also responsible for seeking opportunities to further the Group's breadth in terms of property and hotel management.

MICHAEL CHIEW
Group Director of Sales

Michael, a Malaysian aged 48, joined the Company as Director of Sales in 2006 and he currently holds the position of Group Director of Sales of Avillion Hotel Group.

He holds a Diploma in Hotel Management from Stamford College and has 28 years of experience in the hospitality industry.

As the Group Director of Sales, Michael is responsible to work very closely with the Hotel's General Managers in achieving and exceeding each Hotel's budget in all group market segments, including government, tour & travel and corporate. He will assist with the development and implementation of resort sales and marketing strategies.

Michael constantly gathers information and keeps sales teams up to date on the latest industry best practices, enabling the business to keep up with competition in the market.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Avillion Berhad ("AB" or "the Company") is committed to uphold the high standards of corporate governance throughout AB and its subsidiaries ("the Group") with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders. This Corporate Governance Overview Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance ("MCCG") except where stated otherwise.

Details of the Group's application of each practices set out in the MCCG are disclosed in the Corporate Governance Report, which is available on the Group's website at www.avillionberhad.com.my.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Practice 1.1 – Board duties and responsibilities

The Board is responsible and accountable for Company's shareholders and various stakeholders in order to achieve sustainability and long term success through its effective leadership and management of the Company's business. Hence, the Board is responsible for the long-term performance of the Group and for overseeing the Group's strategy and monitoring its operation.

The Board's principal function is to address all the significant matters as it is accountable under the applicable laws and regulations for the Group's activities, strategies, financial position and performance. The Board delegates certain functions to the Board Committees, Executive Director and the Management, the responsibility for implementing the Group's strategic direction and for managing its day-to-day operations. The Board has delegated specific responsibilities to the committees to assist the Board in corporate governance and operation of the Group. The functions and the Terms of Reference of the committees have been defined by the Board in the Terms of Reference of the respective committees. The Key Matters reserved for the Board's approval are specified in the Board Charter.

The Board adheres to the Code of Conduct and Ethics for Directors which highlights the criteria's that directors should observe in the performance of their duties. The following are the roles and responsibilities of the Board in discharging its fiduciary functions:-

- Leads, controls, provides strategic direction and has the overall responsibilities for corporate governance.
- Formulates key policies, overseeing investments and businesses for the Group.
- Ensures that the Company has appropriate corporate disclosure policies and procedures.
- Establish succession planning and ensures that all candidates appointed to senior management are of sufficient calibre.
- Identifies principal risks and to ensures the implementation of appropriate internal controls.

Practice 1.2 - Chairman

The Chairman of the Board is an Independent Non-Executive Director. The Chairman is capable to lead the Board based on his leadership skill, education level and extensive working experience. As the Chairman plays an important role in Board, the Chairman is able to provide effective leadership to the Board and guide the vision, strategic direction and business development of the Group, and at the same time be guided by the independent advice and views from the Independent Directors, who offer the necessary checks and balances in the decision making process of the Board.

The Chairman is responsible to promote and oversee the standards of Corporate Governance within the Board and the Company. The Chairman ensures that Board members receive accurate, timely and clear information to enable them to monitor performance, make sound decisions and give appropriate advice to promote the success of the Company.

The Chairman takes a leading role in determining the composition and structure of the Board. This will involve regular review of the overall size of the Board, the balance between executive and non-executive directors and the balance of age, experience and personality of the directors.

The Chairman, whose primary role is to preside over board meetings, has the significant role to ensure that all directors' views are heard, ensure sufficient time for discussion of each agenda, as well as to provide fair opportunity to all directors to participate actively and constructively during the meetings and discussions.

Practice 1.3 – Separation in the roles of Chairman and Chief Executive Officer

The roles of Chairman and Executive Director are exercised by different individuals. A clear segregation of their responsibilities and powers is stated and defined in the Company's Board Charter. It is made available for reference on the Company's Website. The Chairman is responsible for managing the conduct of the Board and ensuring its effectiveness including ensuring all directors receive sufficient relevant information on all financial, business, operation and corporate matters to enable each of then participate actively and effectively in Board Decision. The Executive Director is responsible for the efficient and effective management of the business operations and strategic direction of the Group.

Practice 1.4 – Company Secretary

The Board is supported by a qualified and competent Company Secretary who is responsible to advise and regularly update the Board on good governance, board policies and procedures and corporate compliances.

The Company Secretary also ensures that the Board is kept well informed on any regulatory requirements and update on the developments in the area of corporate governance that affect the duties and responsibilities of the Directors as well as the Company being a public listed company. The Company Secretary advised and circulated relevant guidelines on new and amended statutory and regulatory requirements from time to time for Board's reference and brief the Board on these updates at Board meetings. The Company Secretary ensure that the company and its directors operate within the law.

The Company Secretary also attends all Board and Board Committee meetings and ensures that the discussions on key deliberations and decisions are properly recorded. The Company Secretary is directly accountable to the Board on all matters in relation to the proper functioning of the Board, maintenance of the corporate documents of the Board, facilitate the Board's communications and monitoring of the implementation of the Board's decisions, where appropriate.

All Directors have full and unrestricted access to the advice and services of the Company Secretary.

Practice 1.5 – Information and support for Directors

The Board of Directors' Meeting is held on a quarterly basis and at other times as required. All the Directors had attended all the Board meetings held during the financial year.

All Directors had committed their time to the board meetings held during the financial year and each Director, in the discharge of his or her duties, had participated actively at the meetings.

Board meetings are a platform for exchange of views, with Directors bringing their experience and independent judgment to discuss the issues at hand. During these meetings, the Board discussed, amongst other matters, the Group's financial position, company policies, risks management, as well as management performance against the corporate targets and budget.

Each Board member is supplied in advance with an agenda, which include minutes of previous meetings, financial reports and other reports relevant to the meeting, to allow the directors sufficient time to review and to deliberate at the board meetings and to facilitate informed decision making by the directors. Management representatives are also present to provide additional insight on matters to be discussed during the Board meetings.

In between Board meetings, matters requiring Board's approval were sanctioned by way of circular resolutions where relevant information on the subject matter was enclosed.

All the Directors had the rights of access to all relevant Company's information, access to management and may obtain independent professional advice at the Company's expense that are deemed necessary to carry out their duties, subject to prior consultation with the Chairman. To enable them to effectively exercise their duties and responsibilities, Board meetings regularly included sessions on recent key developments in governance and other corporate matters affecting the Group's businesses.

Practice 2.1 – Board Charter

The Board Charter sets out the roles and responsibilities, composition and processes of the Board of Directors ("the Board"). It provides an overview of how the Board leads and provides direction to the Management of the Company. It also sets out the delegation of authority by the Board to various Committees to ensure the Board members in performing their responsibilities on behalf of the Group would act in the best interest of all shareholders. In addition, this Board Charter also outlines the core principles of corporate Governance to which the Company ascribes.

The Board has established three (3) Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee that are delegated with specific responsibilities and authorities to assist the Board in executing its duties and to provide the Board with recommendations and advice. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. Each Committee is governed by its own Terms of Reference ("TOR") which sets out its functions and duties, composition, rights and meeting procedures. The Board Charter are reviewed and revised periodically to meet changing business, operational and regulatory requirements.

Practice 3.1 - Code of Conduct and Ethics

The Group is committed to promoting and maintaining high standards of transparency, accountability and ethics in the conduct of its business and operations. The Group's Employee Handbook govern the terms and conditions of employment and the standards of ethics and good conduct expected of the MD and employees. The Board has established the Code of Conduct and Ethics for Directors (Executive and Non-Executive Directors) which described the standards of business conduct and ethical behavior for Directors in the performance and exercise of their duties and responsibilities as Directors of the Company or when representing the Company.

Practice 3.2 – Whistle-blowing Policy

The Board is committed to the highest standard of integrity, openness and accountability in the conduct of its businesses and operations. It has established the Whistle-blowing Policy that provide a channel to enable employees and other stakeholders to report any suspected breaches of law or regulations or any illegal acts observed in the Group, including financial malpractice or fraud, non-compliance with regulatory requirements, danger to health, safety or the environment, criminal activity and corruption.

The whistleblower is not responsible for investigating the activity or for determining fault or corrective measures, appropriate management officials are charged with these responsibilities. This policy is to provide an avenue for all employees of the Company and members of the public to disclose any improper conduct in accordance with the procedures as provided for under this policy and to provide protection for employees and members of the public who report such allegations.

A whistleblower will be accorded with protection of confidentiality of identity, to the extent reasonably practicable. In addition, an employee who whistleblows internally will also be protected against any adverse and detrimental actions for disclosing any improper conduct committed or about to be committed within the Company, to the extent reasonably practicable, provided that the disclosure is made in good faith. Such protection is accorded even if the investigation later reveals that the whistleblower is mistaken as to the facts and the rules and procedures involved.

It outlines the procedures for reporting a genuine concern on any breach of conduct that are taking place, have taken place or may take place in the future. The Company treats all reports in a confidential manner and at the same time provides protection to anyone who reports such concerns in a good faith. The Whistle-blowing Policy is reviewed annually and is available on the Company's website.

II. Board Composition

Practice 4.1, 4.2 and Step Up 4.3 – Independent Directors

The Board currently consists of five (5) members, comprising the Independent Non- Executive Chairman, a Group Managing Director, and three (3) Independent Non-Executive Directors. Based on the annual review of the composition of the Board carried out by the Nomination Committee, the Board is satisfied that its current size and composition reflects an appropriate balance of Executive Director and Non-Executive Directors which is adequate for the scope and nature of the Group's business and operations.

The Independent Non-Executive Directors are independent of management and free from any business, relationship or any circumstance that could materially interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. They have also fulfilled the criteria of an independent director pursuant to the Main Market Listing Requirements ("MMLR") of Bursa Securities.

The Independent Non-Executive Directors have crucial role in ensuring that the Board is an effective board and through which good corporate governance can be promoted throughout the entire Company. They expected to provide a balanced and independent view. It calls for persons of caliber, integrity, with requisite business acumen, and the credibility, skills and experience to bring independent judgement on issues of strategy, performance, and resources, including key appointments and standards of conduct. Independent Directors must be given free access to the records and information of the company as well as independent legal advice and the services of the company secretary if they find this to be necessary to fulfil their duties.

The Board reviews and assesses the independence of directors annually based on the criteria set by the Nomination Committee. One of the assessment criteria is the ability of the individual director to exercise objectivity in the discharge of his or her responsibilities in the interest of the Company.

The Board had also carried out independence assessment of its Non-Executive Directors in terms of their relationship and dealings with the Company and the Board is of the view that all the Non-Executive Directors remain independent.

The Board is of the view that throughout their tenure, the Independent Directors had demonstrated independence in character and judgement, and had always looked out for the best interest of the Company. The Independent Directors had provided independent view based on their experience and knowledge that allow for diverse and objectives perspectives on the Group's business and direction.

In line with the recommendation of the Code, the tenure of an Independent director of the Company shall not exceed a cumulative term of nine (9) years. An Independent Director may continue to serve the Board subject to re-designation of the Independent Director as a Non-Independent Director. In the event the Board intends to retain the Independent Director as an Independent Director after serving a cumulative term of nine (9) years, shareholders' approval will be sought.

Practice 4.4 and 4.6 – Diversity on Board and in Senior Management & Sourcing of Directors

The Board reviews from time to time the composition of the Board and considers new appointment when the need arises. The Nomination Committee is responsible for assessing and making recommendations to the Board on the candidature of directors based on recruitment criteria established by the Board.

The Nomination Committee has the responsibility to ensure the composition of the Board represents a good mix of knowledge, skills and experience to ensure that the Group is competitive within its industry. In considering potential candidates for appointment, the Nomination Committee undertakes a thorough review of the candidate's criteria, amongst others, qualifications, skills, knowledge, expertise, experience, personal attributes and the capability to devote the necessary time and commitment to the role.

All Directors have attended and successfully completed the Mandatory Accreditation Programme accredited by Bursa Malaysia Securities Berhad (BMSB). In addition, seminars and conferences organized by BMSB, relevant regulatory bodies and professional bodies on areas pertinent to the Directors are communicated to the Board for their participation. The Board has identified training needs amongst the Directors and enrolled themselves for the training programs as and when required. Directors may also request to attend additional training to keep abreast of their individual requirements.

All directors are also provided with updates from time to time by the Company Secretary and auditors on matters relating to directors' duties and responsibilities, as well as on relevant regulations. The Company Secretary ensures all appointments are properly made and all necessary information required by the new directors for the proper discharge of their duties is obtained. During the financial year, no new Director was appointed.

When considering nomination or re-election of directors, the Nomination Committee also takes into account the director's ability to devote sufficient time and attention to properly fulfill his/her responsibilities. Besides attending all meetings of the Board and Board Committees on which he or she serves, each member is expected to be present in all shareholders' meetings, major company events and to participate in continuing training programs. The proposed date for AGM are also notified to all Board members in advance, to enable all directors to be present at the meeting and engage with the shareholders.

The Chairman and the Executive Director are responsible for the identification and development of the key Senior Management, as well as to review the succession planning for key management team from time to time. The Chairman and the Executive Director shall search for suitable candidates through established channels such as public advertisement or direct approaches being made to individuals who may be suitable or through organisations that may be able to assist in the recruitment process. In selecting the appropriate candidates, the Chairman and Executive Director take into account the candidate's qualification, experience, competence and character. Newly appointed key senior management will have to undergo induction training and/or any other programs.

Practice 4.5 – Gender Diversity

The Board through the Nomination Committee will consider appropriate targets for appointment as Board members in terms of gender, ethnicity and age and will take required measures to meet those targets from time to time if deemed necessary to enhance the effectiveness of the Board. The Board consists of members with a broad range of skills, well-rounded experience and knowledge in different fields relevant to oversee the business. The Board ensures that each member has a proper understanding of the Group's business and competence to deal with current and emerging issues of the Group.

The Board acknowledges the importance of gender diversity as an important element of a well-functioning board. According to the Board Charter, the Board comprise of four male director and one female director.

The Board is satisfied that the current Board composition fairly reflects a good mix of knowledge, skills and experience. Through its Nomination Committee, the Board will continue to review its structure and composition in order to ensure boardroom diversity and balance of power and authority, which are fundamental to an effective Board.

Practice 4.7 – Nomination Committee

The Board has established a Nomination Committee to provide advice and assistance to the Board in matters relating to appointment of new Directors, board composition, training program and performance evaluation on effectiveness of the Board, Board Committees and individual directors. Full details of the Nomination Committee's duties and responsibilities are stated in its TOR which is available on the Company's website.

The Nomination Committee comprises exclusively of Independent Non-Executive Directors and chaired by the Senior Independent Director. The Committee meets as and when required, at least once a year. During the financial year, four meetings were held with attendance as follows:

Name of Director	No. of Meetings Attended
Tan Sri Dato' Dr. Samsudin bin Hitam	5/5
Dato' Faisal Zelman Bin Datuk Abdul Malik *(Resigned on 9 April 2019)*	5/5
Onn Kien Hoe	3/5

During the financial year, the Nomination Committee had carried out the following activities:

(a) assessed the performance of the Board, Board Committees and individual Director, including the term of office and performance of the Audit Committee and each of its members;
(b) reviewed the performance of retiring Directors and recommended them to the Board for re-election at the forthcoming AGM;
(c) reviewed the position of the Senior Independent Director and recommended the same to the Board;
(d) reviewed the size of the Board against the size of the Group and the complexity of the business to assess the impact of the number upon its effectiveness;
(e) reviewed the performance of the key Senior Management positions; and
(f) reviewed and updated its TOR pursuant to the new MCCG

Practice 5.1 – Evaluation for Board, Board Committees and Individual Directors

The Nomination Committee annually performs an assessment of the effectiveness and performance of the Board, Board Committees and individual Directors, in order to verify that the Board is functioning appropriately as a whole. Each Director completed a detailed questionnaires in the Directors' Performance Evaluation which covered matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its TOR. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.

Based on the assessment carried out during the financial year, the Nomination Committee had concluded the following:-

(a) The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.
(b) The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively.
(c) The Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.

(d) The Board and Board Committees had contributed positively to the Company and its subsidiaries and were operating in an effective manner.
(e) The Board Chairman had performed in an excellent manner and contributed to the Board.
(f) The performances of the Board Committees were found to be effective.

The Board recognises the importance of continuous training to remain abreast of the latest developments in related industry and changes to the regulatory environment. The assessment on individual directors also provided the Board with valuable insights into training and development needs of each Director, to ensure that each Board member's contribution to the Board remains informed and relevant. During the financial year, the Directors had participated in various training programs. Particulars of the seminars and courses attended are as follows:

Name of Directors	Seminar / Training Course Title
Tan Sri Dato' Sri Dr. Samsudin Bin Hitam	- Advocacy Session on Corporate Disclosure
Onn Kien Hoe	ICLIF - Understanding Fintech & Its Implications for Insurance Companies Programme KICPAA - IFRS for SMEs - Key Practical Approaches
Mr See Ah Sing (Appointed on 15 March 2019)	- Advocacy Session on Corporate Disclosure

III. Remuneration

Practice 6.1 – Remuneration Policy

The Board Remuneration Policy was established with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key senior management. On a yearly basis, the Remuneration Committee reviewed and recommended to the Board the remuneration packages of the Executive Directors, while the remuneration for the Non-Executive Directors was determined by the Board as a whole. Fees and benefits payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors had abstained from participation in deliberations and decisions regarding their individual remuneration.

In making its recommendation, the Remuneration Committee considered the principles set out in the Board Remuneration Policy. Board remuneration was structured to align rewards to corporate and individual performances besides adequately compensate the Directors for risks and complexities of the duties and responsibilities they assumed. The Remuneration Committee also obtained data for similar roles of other public listed companies in the same industry for comparison.

All Directors and key Senior Management are subject to an annual performance process. The individual performance rating serves as a basis to determine their variable compensation payments and thereby rewards individual performance. The Board Remuneration Policy also covers bonus framework for the Directors and key Senior Management, which link their appraisal process to specific reward and incentive outcomes. The appraisal process will assess the individual performance against the Key Performance Indicator targets and competency capability in meeting the Group's core values and Leadership and Management Expectations.

Practice 6.2 - Remuneration Committee

The Remuneration Committee was established to assist the Board in developing remuneration policies and procedures that enable the Group to attract, motivate and retain qualified Directors and key Senior Management personnel. Full details of the functions and duties of the Remuneration Committee are stated in its TOR which is available on the Company's website.

The Remuneration Committee comprises mainly of Non-Executive Directors. During the financial year, four meetings were held with attendance as follows:

Name of Director	No. of Meetings Attended
Tan Sri Dato' Dr. Samsudin bin Hitam	5/5
Dato' Faisal Zelman Bin Datuk Abdul Malik *(Resigned on 9 April 2019)*	5/5
Onn Kien Hoe	3/5

During the financial year, the Remuneration Committee had carried out the following activities:

(a) reviewed and assessed the performance and the remuneration package of the Executive Directors;
(b) reviewed and assessed the Directors' fees and benefits payable for the financial year ended 2019;
(c) reviewed and assessed the performance and the remuneration package of the key Senior Management; and
(d) reviewed and updated its TOR;

Practice 7.1 - Remuneration of Directors

The details of the remuneration of the Directors of the Board (not including directors of the subsidiaries) for the financial year are as follows:

	Fees (RM)	Salaries (RM)	Statutory Contributions (RM)	Other Emoluments (RM)	Benefits in kind (RM)	Total (RM)
Executive Directors						
-See Ah Sing *(Appointed on 15 March 2019)*	-	19,194	2,381	-	1,095	22,670
-Yulina Binti Baharuddin *(Resigned on 2 April 2019)*	-	291,022	35,851	-	24,600	351,473
Non-Executive Directors						
-Tan Sri Dato' Sri Dr. Samsudin Bin Hitam	70,000	-	-	24,000	-	94,000
- Onn Kien Hoe	50,000	-	-	-	-	50,000
- Dato' Faizal Zelman bin Datuk Abdul Malik *(Resigned on 9 April 2019)*	50,000	-	-	-	-	50,000
-Robin Lee Choon Fye *(Resigned on 4 April 2019)*	12,411	-	-	-	-	12,411
Total	182,411	310,216	38,232	24,000	25,695	580,554

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

Practice 8.1, 8.4 and 8.5 - Audit Committee

The Audit Committee consists of the following members:

(a) Onn Kien Hoe (Chairman)
(b) Tan Sri Dato' Sri DR. Samsudin Bin Hitam
(c) Dato' Faisal Zelman Bin Datuk Abdul Malik (Resigned on 9 April 2019)
(d) Norizan Binti Idris (Appointed on 9 April 2019)

The Chairman of the Audit Committee is not the Chairman of the Board. The Audit Committee Report is set out separately in this Annual Report. Full details of the Audit Committee's duties and responsibilities are stated in its TOR which is available on the Company's website.

Practice 8.2 and 8.3 - Oversight of External Auditors

During the financial year, in line with the recommended practice 8.2 of the MCCG, the Audit Committee had revised its TOR to include a clause on a minimum cooling-off period of two (2) years before a former key audit partner can be appointed as a member of the Audit Committee.

The Group engaged the External Auditors to perform a non-audit services including review of the Statement of Risk Management and Internal Control. The Board, through its Audit Committee maintains a formal and transparent relationship with its External Auditors. The Board had delegated the responsibility to the Audit Committee for making recommendations on the appointment, re-appointment or removal of the External Auditors as well as on their remunerations. The Audit Committee ensured that the External Auditors work closely with the Internal Auditors to enhance the effectiveness of the overall audit process. The Audit Committee assessed the performance and effectiveness of the External Auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence.

In the course of their audit, the External Auditors highlighted to the Audit Committee matters pertaining to the financial reporting. Private meetings between them were held twice during the financial year without the presence of the Management and Executive Directors, to discuss any issues that may require the attention of the Audit Committee.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

II. Risk Management and Internal Control Framework

Practice 9.1, 9.2 and 9.3 – Board Responsibility on Risk Management and Internal Control

The Board is responsible for ensuring that risks and also opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with those risks and opportunities. The Company's approach to risk management is based on the identification, assessment, monitoring and management of material risks embedded in its business and management systems. The Statement on Risk Management and Internal Control made pursuant to Paragraph 15.26(b) of the MMLR of BMSB is separately set out in the Annual Report.

The Board recognizes risk management as an integral element of business and operations. Objective of the Group's ongoing risk assessment process is to ensure key risk areas are managed within an acceptable risk profile or tolerance level in order to increase the prospects on achievement of business objectives. The Group's overall risk appetite is based on assessment of the Group's existing risk management capabilities and capacity.

The Board acknowledges its overall responsibility to maintain effective governance, risk management and compliance framework. Supported by the Management and internal audit function, the Board ensures the adequacy and effectiveness of the Group's risk management and internal control practices. The Board is responsible to ensure that the Group complies with all applicable provisions of law and regulations and ensures that appropriate risk management systems are in place throughout the Group. The Audit Committee assists the Board to oversee and review the effectiveness of the Group's risk management and internal control systems. To facilitate effective monitoring, the Board regularly receives reports from the Management on any business risks related to its business activities that have impacted or likely to impact the Company from achieving of its objectives and strategies.

Compliance relating to risk recognition and management is presented in the Group's Statement on Risk Management and Internal Control as set out separately in this Annual Report.

Practice 10.1 and 10.2 – Internal Audit function

The Board has established an Internal Audit function within the Company which is led by the Senior Management, Internal Audit Unit who reports directly to the Audit Committee. Details of the key elements of the Group's internal controls system are set out separately in the Statement on Risk Management and Internal Control and the Report of the Audit Committee in this Annual Report.

In general, the Internal Auditor provides an independent evaluation on the effectiveness of the risk management and internal control system of the Group based on an agreed scope of work. It also carries out a follow-up review on the issue raised in the previous internal audit and to ensure that the proposed action plan has been implemented by the Management to mitigate the risk exposure of the Group.

The scope of work covered by the internal audit function during the financial year, summary of activities carried out, including its observations and recommendations, are provided in the Statement on Risk Management and Internal Control and Audit Committee Report of this Annual Report.

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

I. Communication with Stakeholders

Practice 11.1 – Communication with Stakeholders

The Company is committed to ensure that timely, accurate and complete information about the Company is provided equally to its shareholders, stakeholders and to the general investing public. Timely information is critical towards building and maintaining the Group's corporate credibility, market integrity and promotes investor confidence.

The Board is ultimately responsible for ensuring the Company's disclosure requirements are fulfilled and overseeing the implementation of the Group's communications policy. The Company has in place an Investor Relations Policy which provides guidance to the Management and employees on the Company's disclosure requirements, handling of material information, and in dealing with investors, analysts, media and the investing public. The Company strives to promote a better understanding of the Group through investor relation activities. Apart from general meetings, the Company has in place the following initiatives to facilitate effective communication with its shareholders:

(a) The Annual Report, which contains information such as Management Discussion and Analysis, financial statements, and information on the Audit Committee, Corporate Governance, Sustainability and Corporate Social Responsibility, and Risk Management and Internal Control;
(b) Various announcements made to Bursa Securities, which include timely release of financial results on a quarterly basis. Concurrent with these releases, the Company posts all announcements on its website
(c) Attending to shareholders' and investors' emails and phone enquiries; and

(d) The Company's website at www.avillionberhad.com under Investor Relations section, which contain annual reports, quarterly report announcements, stock and other corporate information on Avillion Berhad. The website also provides Investor Relations contact for shareholders to direct their queries or concerns to.

Timely release of quarterly announcements and full year financial reports reflects the Board's accountability to its shareholders.

II. Conduct of General Meetings

Practice 12.1 – Notice of general meeting

General meetings are the important platform for the shareholders to exercise their rights in the Company, either in AGM or Extraordinary General Meetings.

The Notice of General Meetings together with a copy of the Company's Annual Report and/or Circular to Shareholders will be dispatched to shareholders within the prescribed notice period prior to the scheduled general meetings in order to provide sufficient time the shareholders to make the necessary arrangements to attend and participate either in person, by corporate representative or by proxy. The Board encourages shareholders' participation and engagement at the general meeting as it provides an opportunity for the Board to assess the market expectations and more importantly, it provides an avenue for the shareholders to make enquires on the resolutions being proposed and to seek clarification on the business and performance of the Group. Shareholders are invited to the general meetings through a notice of meeting that specify the venue, day and hour of the meeting, as well as the business of the meeting.

Practice 12.2 – Attendance of directors at general meetings

The Annual General Meeting is the principal forum for dialogue and interaction with all shareholders, who are given the opportunity to enquire and seek clarification on the operations and financial performance of the Group.

During the AGM, the Chairman ensures that shareholders are given the opportunity to comment or raise issues and questions whether pertaining to issues on the agenda, the annual report, Group's strategy or developments in the Group. The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders. All the members of the Board and the respective chairmen of the Board's Committees are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility.

Practice 12.3 – Voting

In the event that shareholders are unable to attend the AGM in person, they are encouraged to appoint one (1) or up to two (2) proxies to attend and vote in his/her stead. The outcome of the meeting is announced to Bursa Securities on the same day, which is also accessible on the Company's website.

The Company conducts a poll voting on each resolution tabled during the general meetings to support shareholders participation. With the poll voting, each shareholder present in person or represented by proxy at the general meeting will be entitled to vote on a one-share, one-vote basis. At least one (1) scrutineer is appointed to validate the votes cast at the meeting.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

- **Utilisation of proceeds raised from Corporate Proposals**

  There were no proceeds raised from Corporate Proposals during the financial year.

- **Audit Fees**

  Audit fees paid/payable to external auditors by the Company and by the Group for the financial year ended 31 March 2019 amounted to RM23,000 and RM316,000 respectively.

- **Material Contracts with Related Parties**

  There were no material contracts entered into by the Company and its subsidiaries involving directors', chief executive who is not a director and major shareholders' interests, either subsisting at the end of the financial year or entered into since the previous financial year.

STATEMENT OF COMPLIANCE WITH THE CODE

The Board is satisfied that the Group has substantially complied with the majority of the practices of the MCCG throughout the financial year. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

The Board is responsible for ensuring that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Group at the end of the financial year. In preparing the financial statements, the Board ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 have been applied.

AUDIT COMMITTEE REPORT

1.0 Composition

Chairman : Onn Kien Hoe
Independent Non-Executive Director

Members : Tan Sri Dato' Sri Dr. Samsudin Bin Hitam
Independent Non-Executive Director

Dato' Faisal Zelman Bin Abdul Malik
Independent Non-Executive Director (Resigned on 9 April 2019)

Norizan Binti Idris
Independent Non-Executive Director (Appointed on 9 April 2019)

2.0 Terms of Reference

2.1 Authority

The Audit Committee is authorised by the Board to:-

2.1.1 Investigate any matter within its Terms of Reference.
2.1.2 Access to the resources which are required to perform its duties.
2.1.3 Unrestricted access to any information, records, properties and personnel of the Group
2.1.4 Direct communication channels with the External and Internal Auditors.
2.1.5 Obtain independent professional or other advice at the Company's costs, and to invite external parties with relevant experience to attend the Committee meetings, if required, and to brief the Committee thereof
2.1.6 Convene meetings with External and Internal Auditors, or both, whenever deemed necessary, excluding the attendance of other Directors and employees of the Group.
2.1.7 Report to Bursa where a matter reported by the Committee to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirement.

2.2 Frequency of Meetings

The Audit Committee shall meet not less than four times a year, with additional meetings convened as and when required, with the presence of the Committee members. The presence of the external auditors will be requested, if required.

2.3 Duties and Responsibilities

The duties and responsibilities of the Audit Committee as the following:-

External Audit

a) To consider the nomination and appointment of External Auditors; and to consider the adequacy of experience and resources of the External Auditors and determine the audit fee;

b) To review any letter of resignation from the External Auditors and any questions of resignation or dismissal;

c) To discuss with the External Auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;

d) To review major audit findings arising from the interim and final external audits, the audit report and the assistance given by the Group's officers to the External Auditors;

e) To review with the External Auditors, their evaluation of the system of internal controls, their management letter and management's responses;

f) To review whether there is reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment;

g) To assess the suitability, objectivity and independence of the External Auditors; and

h) Discuss the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the External Auditors. The contracts cannot be entered into should include management consulting, policy and standard operating procedures documentation, strategic decision and internal audit.

Internal Audit

a) To review the following in respect of internal audit:

- adequacy of scope, functions and resources of the firm of internal auditors (that was engaged to undertake the internal audit function) and that it has the necessary authority to carry out its work;

- the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;

- the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;

- its effectiveness and independence; and

- review and approve any appointment, termination or resignation of the firm of internal auditors.

Risk Management

a) Review the adequacy of Group's risk management framework and assess the resources and knowledge of the Management and employees involved in the risk management process;

b) Review the effectiveness of internal control systems deployed by the Management to address those risks;

c) Review and recommend corrective measures undertaken to remedy failings and/or weaknesses;

d) Review and further monitor principal risks that may affect the Group directly or indirectly and if deemed necessary, recommend additional course of action to mitigate such risks;

e) Communicate to, and monitor risk assessment results for the Board; and

f) Actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions affecting the Group.

3.0 Summary of Activities of the Audit Committee

The Audit Committee held five (5) meetings during the financial year ended 31 March 2019. The attendance of each member of the Committee is as follows :-

Director	Attendance
Onn Kien Hoe	5/5
Tan Sri Dato' Sri Dr. Samsudin Bin Hitam	5/5
Dato' Faisal Zelman Bin Abdul Malik (Resigned on 9 April 2019)	3/5

The main activities undertaken by the Audit Committee for the financial year ended 31 March 2019 included the following :-

- Reviewed the Group's Annual Business Plans and strategies for the Board's approval.
- Reviewed the External Auditors' audit planning memorandum (including audit approach and scope), audit report and key matters arising.
- Assessed the performance, independence and suitability of the External Auditors for its re-appointment as Auditors of the Group and recommended to the Board of Directors on their reappointment and audit fees. The External Auditors provided written confirmation on their independence and measures adopted to control the quality of work performed.
- Discussed the implications of any developments, changes and pronouncements issued by the statutory and regulatory bodies on the Group.
- Reviewed and noted amendments to accounting standards and other regulatory requirements tabled by the External Auditors, which were relevant to the Group's operations, notably, Malaysian Financial Reporting Standards (MFRS) 9 (Financial Instruments), MFRS 15 (Revenue from Contracts with Customers) and MFRS 16 (Leases).
- Reviewed the quarterly and year end financial statements with the Management and External Auditors for recommending to the Board of Directors for approval before announcement to Bursa Securities Berhad. Accounting principles and standards applied and judgements were discussed.
- Reviewed the risk based annual Audit Plan to ensure adequate scope and coverage of the Group's activities.
- Reviewed and deliberated on the internal audit and follow up audit reports tabled during the year, root cause(s) of issues and the Management's responses on the audit recommendations.
- Reviewed adequacy and timeliness of the Management's mitigating actions taken to ensure all key risks and audit recommendations had been promptly addressed.
- Reviewed and recommended the Annual Report 2019 for the Board's approval.

4.0 Summary of Activities of the Internal Audit Function

The annual Audit Plan Is formulated and approved in alignment with the Group's business and risk environment. Based on the approved Audit Plan, the Group's Internal Audit Department ("the Department") reports its audit engagements carried out and outcome of the reviews to the Audit Committee. At the Audit Committee meetings, the Department independently reports key internal control matters, potential risks and non-compliances with the Group's Policies and Procedures, audit recommendations and the Management's remedial actions. Audit recommendations take into account, the Group's strategic directions, corporate and business objectives and key risks within the diversified and challenging business environment it operates in.

The main activities undertaken by the Internal Audit Department for the financial year ended 31 March 2019 included the following:-

- Prepared the risk based annual Audit Plan for approval by the Audit Committee.
- Perform risk based audits on business and support units of the Group which encompassed review of key business processes, internal control system and risk management.
- Evaluated the adequacy and effectiveness of the Group's internal control and risk management system in identifying, evaluating, managing and monitoring key potential risks.
- Issued audit reports to the Audit Committee and Management and highlighted key issues and recommendations which were subsequently followed up to ensure corrective actions taken were adequate and timely.
- Followed up on ad hoc requests or recommendations pertaining to audit plan, scope and report made by both the Audit Committee and Management.

In maintaining Its Independence and objectivity, the Internal Audit function has no operational responsibility and authority over the business and support divisions it audits.

The total cost of internal audit for the financial year under review was approximately RM380,000.00 (2018: RM 360,000.00)

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1.0 Introduction

In accordance with Paragraph 15.26(b) of Bursa Malaysia Main Market Listing Requirements and as guided by the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers, the Board of Directors ('Board') is pleased to present the following Statement on Risk Management and Internal Control.

2.0 Board's Roles and Responsibilities

The Board acknowledges its responsibility and affirms its commitment in maintaining a sound risk management and internal control system appropriate for the Group's business environment to safeguard shareholders' investment and the Group's assets. The Board acknowledges that all areas of the business activities involve certain degree of inherent risk. Therefore in the review of the risk management and internal control system, the materiality of key potential risks, likelihood of these risks crystallising and cost of control are taken into consideration. Accordingly, due to inherent limitations in any system of internal controls, it is designed to manage rather than eliminate the risk exposure in the achievement of business objectives. Therefore it can provide only reasonable and not absolute assurance against risk of material misstatements or losses.

The scope of responsibility and Statement on Risk Management and Internal Control of the Group's associate companies are excluded as the Group does not have any direct control over their operations.

3.0 Risk Management

The Board recognises risk management as an essential success factor of business and operations. Primary objective of the Group's ongoing risk assessment process is to inculcate and sustain a 'risk awareness' culture and ensure key risk areas are managed within an acceptable risk profile or tolerance level to increase the prospects on achievement of business objectives. The Group's overall risk appetite is based on assessment of the Group's existing risk management capabilities and capacity. Risk management is embraced by the Management team as a collective responsibility and integrated into the Group's business processes to ensure it adds substantive value to the Group.

3.1 Risk Identification, Monitoring & Reporting

The Group's organisation structure sets out respective roles and responsibilities, levels of authority and lines of accountability to ensure effective and independent stewardship. The Board performs risk oversight and delegates day to day business decisions to the Management team. The Management team comprising corporate, business and support divisions are entrusted as risk owners to manage and report potential risks within their sphere of responsibilities.

The risk management process comprises two broad lines of defence. Under the first line of defence, the Heads of business and support divisions with their employees are responsible and accountable for identifying, assessing and reporting key risks within their scope of responsibilities to the Management at Corporate level for deliberation before they are escalated to the Board. On a strategic level, the Heads of business and support divisions in consultation with the Management at Corporate level are responsible for managing, monitoring and mitigating risks relating to business strategy, finance, operations and external business environment. As identified risks can only be mitigated but not eliminated, ongoing reviews are carried out to formulate risk mitigation measures in order to manage them more timely and effectively.

Under the second line of defence, the Board which is supported by the External Audit and Internal Audit functions, independantly and objectively appraises the adequacy and effectiveness of risk management and internal controls periodically. The Board conducts meetings with the Management to discuss the Group's financial performance, internal controls and other matters at least once every quarterly in a year. Key risks or issues which impact the Group from time to time are discussed and deliberated for resolution.

3.2 Risk Evaluation

Based on the existing internal control framework, at each business and support division, the Management identifies and assesses key risks from operational and financial perspective before improving and monitoring these controls to mitigate and control the potential risks. Identified risks are evaluated by level of criticality and likelihood of materialising before they are further assessed on a Group perspective. The ultimate objective is to ensure a balanced achievement of the Group's corporate and business objectives, operational efficiency and cost effectiveness can be attained.

4.0 Internal Control System

The key elements of the Group's internal control system are as follows :-

4.1 Control Environment

4.1.1 The Group's defined vision and mission statement and strategic business direction is cascaded 'top down' to all employees in order to reinforce core values of integrity, commitment, speed and cost effectiveness.

4.1.2 The Board is supported by its established Board committees namely, Audit Committee, Nomination Committee and Remuneration Committee. Each committee is governed by respective defined terms of reference and authority.

4.1.3 The Group's organisation structure is aligned according to appropriate business environment and operational requirements with defined lines of reporting, accountability and approving authorities. System of checks and balances are built in to correspond with business and operational requirements

4.2 Control Activities

4.2.1 Processes governing appraisal, approval of capital / investment expenditure, asset disposal, evaluation and monitoring of the performance of investments are in place. These processes are periodically reviewed and updated in order to respond more timely and effectively to changes within the Group's operations and external business environment.

4.2.2 Annual business plans, financial and operating budgets prepared by the business and support divisions are reviewed and approved by the Board. Actual performances of these divisions are reviewed against approved budgets. For any significant variances against budgets noted, root causes are identified for corrective and mitigation actions to be taken promptly to improve financial results.

4.2.3 The Group appreciates the value of human capital in contributing to its long term growth. An established performance appraisal and management system on staff recruitment, key result areas, performance appraisal and training requirements is continuously improved in order to promote and sustain a competent work culture, succession planning and code of ethics.

4.3 Information and Communication Processes

4.3.1 The Board and Management periodically receive timely management and financial reports from the business and support divisions which are reviewed for enhancements.

4.3.2 The Group has in place, a Management Information System which captures and reports relevant information and data to keep the Management informed at all times and enable them to make business decisions promptly.

4.3.3 Board and Management meetings are held regularly and on ad hoc basis, if required to provide timely communication and feedback channels in a transparent and confidential manner to discuss and deliberate matters for resolution.

4.4 Monitoring Mechanism

4.4.1 The Board plays a pivotal role in strategizing the business direction and overseeing the performance of the Group's business and operations via its management committees and management reporting systems. Board meetings are held at least once every quarterly in a year. The Managing Director communicates the Board's expectations and concerns to the Management for further actions. At both Management and operation meetings, business strategies, operational, financial and external business environment matters and risk exposure are discussed and deliberated together with action plans. Based on these mechanisms, the Board is regularly updated on developments relating to financial commitments, risk management, internal controls and other matters.

4.4.2 Based on the annual Audit Plan approved by the Audit Committee, the Group's Internal Audit function conducts risk based audits and periodic follow up audits to provide the Board with an independent and balanced assurance on the adequacy and effectiveness of risk management and internal controls. Key audit matters, improvement recommendations and proposed remedial actions with datelines are reported to the Audit Committee and Management.

4.4.3 Policies and procedures of the Group are periodically reviewed and updated to meet business, operational, statutory and regulatory requirements.

5.0 Review for the Financial Year

In an increasingly challenging and dynamic business environment, the Board of Directors recognizes that the risk management and internal control framework must respond timely and effectively in order for the Group to attain profitable and sustainable growth. The Board affirms the practice of good corporate governance as an important, concerted and continuous practice.

For the financial year under review, regular reviews on the adequacy and effectiveness of the risk management and internal control system had been undertaken. Arising from these reviews performed, internal controls requiring improvements had been identified and appropriate remedial actions had been taken promptly to address them.

6.0 Review of The Statement by External Auditors

The External Auditors had performed limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 30 June 2018 and reported to the Board that nothing had came to their attention that caused them to believe that this Statement was not prepared in all material aspects in accordance with the disclosures required by Paragraph 41 and 42 of the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

In accordance with the Malaysian Approved Standards on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Review of Historical Financial Information and AAPG3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Controls covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures including the assessment and opinion by the Board of Directors and Management thereon. They are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will in fact remedy the problems.

7.0 Conclusion

Based on the Board's review and reasonable assurances received from the Managing Director and Chief Financial Officer, the Board is of the opinion that for the financial year under review, its risk management and internal control system is operating satisfactorily, in all material aspects, to meet its business objectives with good corporate governance practice. No adverse control matters which would significantly impact the results of the Group were noted. The Board acknowledges that the development of a sound risk management and internal control system is an ongoing review process and is committed towards continuous improvement of the system.

This Statement was approved by the Board of Directors on 22 July 2019.

SUSTAINABILITY STATEMENT

The Board of Directors is pleased to present the Group's Sustainability Statement which highlights the progress made during the year with challenges and opportunities that lie ahead. This Sustainability Statement (the 'Statement') serves as a channel to communicate the Group's initiatives in managing sustainability matters which are considered material and relevant to the Group's operations. The Group is working further to embed and integrate sustainability within its businesses and adopt best practices across all business divisions to meet or exceed stakeholders' expectations.

Reporting Scope and Period of this Statement

This Statement is prepared based on the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad. The Statement covers Avillion Berhad (AVB) and its subsidiary companies which AVB has direct management control for the reporting period from 1st April 2018 to 31st March 2019.

Sustainability Approach

In this competitive and challenging business landscape, the Group's strategic goal is to operate its businesses in an economically, socially and environmentally responsible manner in the interests of the stakeholders. The primary stakeholder groups are the Board of Directors, shareholders or investors, customers, employees, suppliers, regulatory and government authorities, associations, media and local communities. The mechanisms adopted in the sustainability strategy include code of conduct and ethics, policies and processes, management systems and audits.

Sustainability Governance

The Board evaluates economic, environmental, social and governance risks to ensure appropriate systems and internal controls are in place to safeguard compliance, integrity, business ethics, transparency and other matters. The Board is supported by the Audit Committee, which is responsible to monitor the progress of implementation of sustainability initiatives, based on directions set by the Board.

Stakeholder Engagement

In the pursuance of business goals, the Group acknowledges that the sustainability of the business is dependant on the achievement and continuous improvement of stakeholders' expectations in managing the impact of business operations on economic, environmental, social and governance performance.

The Group adopts a wide range of engagement channels with respective stakeholders to communicate a variety of economic, environmental, social and governance issues which are material to the Group as follows :-

Stakeholder	Engagement Channel Including	Stakeholder's Interests	Group's Initiatives
Board of Directors	• Quarterly Board meetings • Other ad hoc channels • (eg. email, meetings)	• Financial performance • Business sustainability • Corporate governance	• Business strategy management, risk assessment, sustainable & responsible business practices to improve financial performance & returns • Comply with regulatory guidelines & standard operating procedures
Shareholders / Investors	• Annual General Meeting • Announcement of auarterly financial results	• Financial performance & transparency • Business sustainability	• Investor engagement • Generate sustainable financial returns

Stakeholder	Engagement Channel Including	Stakeholder's Interests	Group's Initiatives
Customers	• Customer satisfaction survey / feedback system • Multiple channels (eg. emails, meetings)	• Customer experience & loyalty • Effective resolution of complains • Safety, security & privacy	• Performance oriented & service excellence employer • Events / competitions • Online / offline communication channels
Employees	• Annual performance appraisal • Monthly management meetings • Multiple channels (eg. emails, meetings, training)	• Performance management & career development • Benefits & welfare • Fair employment practices • Occupational health & safety	• Training & development • Performance oriented appraisal • Meetings / dialogue / townhall sessions for employee engagment
Suppliers	• Supplier evaluation • Quotation request • Tender / bidding • Multiple channels (eg. emails, meetings)	• Ethical & efficient supplier management & collection system	• Transparent purchasing / procurement policies & procedures • Manage suppliers & service providers responsibly • Online / offline communication channels
Regulatory / Government Authorities	• Multiple channels (eg. emails, meetings)	• Regulatory disclosures • Compliance with regulatory / government authorities' requirements	• Comply with regulatory requirements • Annual Report • Sustainability Report
Associations / Media / Local Communities	• Multiple channels (eg. emails, meetings, events)	• Association & community engagement & support • Ecocentric corporate social responsibility	• Participation in association events & sponsorship programmes • Social contribution, community service programmes & sports events

Materiality Assessment of Sustainability Areas

A structured approach had been adopted to identify and prioritise key sustainability matters which are important to both stakeholders and businesses. In identifying sustainability matters, the existing business environment and evolving risks from time to time had been considered.

The key sustainability factors for respective business divisions are as follows :-

Sustainability Area	Hotel	Property	Travel
1) Economic	• Economic & business performance • Market presence • Supplier / contract assessment, negotiation & management	• Economic & business performance • Market presence • Supplier / contract assessment, negotiation & management	• Economic & business performance • Market presence • Supplier / contract assessment, negotiation & management
2) Environment	• Resource efficiency ie. energy, water & waste management (reduce, reuse & recycle) • Environmental impact of operations & pollution prevention	• Resource efficiency ie. energy, water & waste management (reduce, reuse & recycle) • Environmental impact of operations & pollution prevention	• Resource efficiency ie. energy & water (reduce, reuse & recycle) • Environmental impact of operations & pollution prevention
3) Social			
a) Business Operations	• Customer experience & loyalty • Facilities management • Membership programmes • Guest safety, security & privacy • Business operations & cost efficiency	• Quality management (workmanship & design) • Customer experience & loyalty • Public safety • Business operations & cost efficiency	• Customer experience & loyalty • Customer safety, security & privacy • Business operations & cost efficiency
b) Employees	• Recruitment & retention of employees • Staff training & development • Talent management • Occupational safety & health	• Recruitment & retention of employees • Staff training & development • Talent management • Occupational safety & health	• Recruitment & retention of employees • Staff training & development • Talent management • Occupational safety & health
c) Associations / Media / Local Communities	• Associations of hotel industry / media events & sponsorship programmes • Community service activities	• Infrastructure developments / improvements • Community service activities	• Associations of travel industry / media events & sponsorship programmes • Community service activities

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

- **Utilisation of proceeds raised from Corporate Proposals**

  There were no proceeds raised from Corporate Proposals during the financial year ended 31 March 2019.

- **Imposition of Sanctions/Penalties**

  There were no material sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year ended 31 March 2019.

- **Audit Fees**

  Audit and non-audit fees paid/payable to external auditors by the Company and by the Group for the financial year ended 31 March 2019 were RM23,000 and RM316,000 respectively.

- **Material Contracts with Related Parties**

  There were no material contracts entered into by the Company and its subsidiaries involving directors, chief executive who is not a director and major shareholders' interests, either subsisting at the end of the financial year or entered into since the previous financial year.

Financial Statements

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of its subsidiary companies are disclosed in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

RESULTS

The results of operations of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Net loss for the financial year	(38,112)	(62,898)
Attributable to:		
Owners of the Company	(35,616)	(62,898)
Non-controlling interests	(2,496)	-
	(38,112)	(62,898)

DIVIDENDS

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

The directors also do not recommend any final dividend in respect of the current financial year.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that no known bad debts had been written off and adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors, except as disclosed in the financial statements,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company did not issue any shares or debentures.

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

Tan Sri Dato' Sri Dr. Samsudin Bin Hitam*	
Onn Kien Hoe	
Yulina Binti Baharuddin*	(Resigned on 2 April 2019)
Dato' Faisal Zelman Bin Datuk Abdul Malik	(Resigned on 9 April 2019)
See Ah Sing*	(Appointed on 15 March 2019)
Datuk Roslan Bin Abdul Rahman	(Appointed on 5 April 2019)
Puan Norizan Binti Idris	(Appointed on 4 April 2019)

*Directors of the Company and certain subsidiaries

Other than as stated above, the names of directors of the subsidiaries of the Company in office at the end of the financial year to the date of the report are:

Amirul Azhar bin Baharom	(Resigned on 31 October 2018)
Ainun Binte Mohamed Lahab	
Dato' Ir. Dr. Shaik Hussein bin Mydin	(Resigned on 31 July 2018)
Chan Mei Han	(Appointed on 1 April 2018)
Chong Set Fui	(Appointed on 31 October 2018)
Mohd Rani Hisham Samsudin	(Appointed on 14 August 2018)
Mohd Hider Bin Yusoff @ Othman	(Appointed on 16 October 2018)
Afzar Bin Zakariya	(Appointed on 16 October 2018)
(Alternative director to Mohd Hider Bin Yusoff @ Othman)	

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of financial year in the ordinary shares of the Company during the financial year are as follows:

	Number of ordinary shares			
	At 1.4.2018	Bought	Sold	At 31.3.2019
Indirect interests				
See Ah Sing	248,178,113	-	-	248,178,113

By Virtue of his substantial interest in the Company, See Ah Sing is deemed to have an interest in shares in the subsidiary companies to the extent that the Company has an interest.

Other than as disclosed above, none of the other directors held any interest in shares in the Company or in related companies.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 25 to the financial statements) by reason of a contract made by the Company or subsidiary company with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM20,000,000 and RM41,350 respectively.

SUBSIDIARIES

Details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

The available auditors' report on the accounts of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 35 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are disclosed in Note 25 to the financial statements.

INDEMNITY TO AUDITORS

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

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), have expressed their willingness to continue in office.

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

…………………………………………………………..

TAN SRI DATO' SRI DR. SAMSUDIN BIN HITAM
Director

…………………………………………………………..

SEE AH SING
Director

Kuala Lumpur

Date: 22 July 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	Group 31.3.2019 RM'000	Group 31.3.2018 RM'000 (Restated)	Group 1.4.2017 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	5	244,728	227,657	236,394	317	569
Investment properties	6	2,891	3,474	3,749	-	-
Goodwill arising on consolidation	7	-	22,873	24,828	-	-
Investment in associated companies	8	-	5	5	-	-
Investment in subsidiary companies	9	-	-	-	224,343	37,216
Other investments	10	324	332	379	-	-
Deferred and development expenditure	11	-	54	13	-	-
Inventories	12	72,709	58,889	60,778	-	-
Trade and other receivables	13	3,673	6,742	8,007	3,392	5,749
Amount owing by subsidiary companies	14	-	-	-	4,362	-
Total non-current assets		324,325	320,026	334,153	232,414	43,534
Current assets						
Inventories	12	40,364	54,687	54,891	-	-
Trade and other receivables	13	12,395	18,787	21,168	2,842	2,987
Amount owing by subsidiary companies	14	-	-	-	645	259,586
Tax recoverable		1,727	928	1,566	23	61
Fixed deposits with licensed banks		4,168	7,154	12,808	-	-
Cash and bank balances		3,490	4,660	5,076	2,225	2,207
		62,144	86,216	95,509	5,735	264,841
Asset held for sale		-	-	14,517	-	-
Total current assets		62,144	86,216	110,026	5,735	264,841
TOTAL ASSETS		386,469	406,242	444,179	238,149	308,375

Statements of Financial Position (Cont'd)
As At 31 March 2019

	Note	Group 31.3.2019 RM'000	Group 31.3.2018 RM'000 (Restated)	Group 1.4.2017 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	15	200,551	200,551	200,551	200,551	200,551
Reserves	16	16,240	33,103	52,703	(96,032)	(33,134)
Equity attributable to equity holders of the parent		216,791	233,654	253,254	104,519	167,417
Non-controlling interests		3,928	5,878	6,173	-	-
TOTAL EQUITY		220,719	239,532	259,427	104,519	167,417
Non-current liabilities						
Loans and borrowings	17	47,679	62,327	61,980	47,493	62,322
Deferred tax liabilities	18	38,073	33,394	34,324	16	16
Amount owing to subsidiary companies	14	-	-	-	19,171	-
Total non-current liabilities		85,752	95,721	96,304	66,680	62,338
Current liabilities						
Trade and other payables	19	25,391	22,009	26,036	5,107	1,204
Contract liabilities	20	444	164	-	-	-
Amount owing to subsidiary companies	14	-	-	-	22,827	45,864
Loans and borrowings	17	54,097	48,760	62,360	39,016	31,552
Taxation		66	56	52	-	-
Total current liabilities		79,998	70,989	88,448	66,950	78,620
TOTAL LIABILITIES		165,750	166,710	184,752	133,630	140,958
TOTAL EQUITY AND LIABILITIES		386,469	406,242	444,179	238,149	308,375

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
Revenue	21	111,348	131,421	5,540	4,907
Cost of sales	22	(66,972)	(81,463)	-	-
Gross profit		44,376	49,958	5,540	4,907
Other income		239	1,756	6,713	1,449
Selling and promotion expenses		(2,047)	(2,243)	-	-
Administrative expenses		(49,730)	(57,167)	(3,683)	(3,837)
Other expenses		(23,981)	(688)	(68,170)	-
Operating (loss)/profit		(31,143)	(8,384)	(59,600)	2,519
Finance income	23	80	74	4,707	-
Finance costs	24	(7,776)	(7,670)	(8,005)	(5,967)
Loss before tax	25	(38,839)	(15,980)	(62,898)	(3,448)
Income tax	26	727	(1,234)	-	(602)
Net loss for the financial year		(38,112)	(17,214)	(62,898)	(4,050)
Other comprehensive income/ (expense) for the financial year, net of tax:					
Items that will not be reclassified subsequently to profit or loss:					
Revaluation of property, plant and equipment		18,625	-	-	-
Fair value loss on financial assets at fair value through other comprehensive income		(8)	-	-	-
		18,617	-	-	-
Items that may be reclassified subsequently to profit or loss:					
Fair value loss of available-for-sale financial assets		-	(47)	-	-
Foreign currency translation differences on foreign operations		682	(2,634)	-	-
		682	(2,681)	-	-
Total comprehensive loss for the financial year		(18,813)	(19,895)	(62,898)	(4,050)

Statements of Comprehensive Income (Cont'd)
For The Financial Year Ended 31 March 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
Loss attributable to:					
Owners of the Company		(35,616)	(16,919)	(62,898)	(4,050)
Non- controlling interest		(2,496)	(295)	-	-
		(38,112)	(17,214)	(62,898)	(4,050)
Total comprehensive loss attributable to:					
Owners of the Company		(16,317)	(19,600)	(62,898)	(4,050)
Non- controlling interest		(2,496)	(295)	-	-
		(18,813)	(19,895)	(62,898)	(4,050)
Losses per ordinary share attributable to Owners of the Company (sen)					
- Basic	27	(4.15)	(1.97)		

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

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

	Share capital RM'000	Fair value reserve RM'000	Foreign currency translation reserve RM'000 (Restated)	Revaluation reserve RM'000 (Restated)	Accumulated losses RM'000 (Restated)	Sub-total RM'000 (Restated)	Non-controlling interests RM'000 (Restated)	Total equity RM'000 (Restated)
Group								
As at 1 April 2017	200,551	(4,634)	10,161	86,598	(39,422)	253,254	6,173	259,427
Net profit for the financial year	-	-	-	-	(16,919)	(16,919)	(295)	(17,214)
Fair value changes on available-for-sale financial assets	-	(47)	-	-	-	(47)	-	(47)
Foreign currency translation differences on foreign operations	-	-	(2,634)	-	-	(2,634)	-	(2,634)
Total comprehensive loss for the financial year	-	(47)	(2,634)	-	(16,919)	(19,600)	(295)	(19,895)
At 31 March 2018	200,551	(4,681)	7,527	86,598	(56,341)	233,654	5,878	239,532

	Share capital RM'000	Fair value reserve RM'000	Foreign currency translation reserve RM'000 (Restated)	Revaluation reserve RM'000 (Restated)	Accumulated losses RM'000 (Restated)	Total equity RM'000 (Restated)	Non-controlling interests RM'000 (Restated)	Total equity RM'000 (Restated)
Group (continued)								
As at 1 April 2018	200,551	(4,681)	7,527	86,598	(56,341)	233,654	5,878	239,532
Net profit for the financial year	-	-	-	-	(35,616)	(35,616)	(2,496)	(38,112)
Revaluation during the year	-	-	-	18,079	-	18,079	546	18,625
Fair value of financial assets through other comprehensive income	-	(8)	-	-	-	(8)	-	(8)
Foreign currency translation differences on foreign operations	-	-	682	-	-	682	-	682
Total comprehensive loss for the financial year	-	(8)	682	18,079	(35,616)	(16,863)	(1,950)	(18,813)
At 31 March 2019	200,551	(4,689)	8,209	104,677	(91,957)	216,791	3,928	220,719

Statements of Changes in Equity (Cont'd)
For The Financial Year Ended 31 March 2019

	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
Company			
At 1 April 2017	200,551	(29,084)	171,467
Total comprehensive loss for the financial year	-	(4,050)	(4,050)
At 31 March 2018	200,551	(33,134)	167,417
Total comprehensive loss for the financial year	-	(62,898)	(62,898)
At 31 March 2019	200,551	(96,032)	104,519

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

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

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities					
Loss before tax		(38,839)	(15,980)	(62,898)	(3,448)
Adjustments for:					
Depreciation of property, plant and equipment	5	8,506	9,167	124	155
Gain on disposal of property, plant and equipment		(111)	-	(111)	-
Property, plant and equipment written off	5	47	159	1	1
Depreciation of investment properties	6	82	284	-	-
Impairment loss on investment properties	6	501	-	-	-
Impairment loss of goodwill		23,373	486	-	-
Bad debts written off		17	485	-	-
Expected credit losses		12	12	-	-
Impairment in investment of subsidiary companies		-	-	21,576	-
Gain on disposal of investment in associate		-	(376)	-	-
Impairment loss on investment in associate		5	-	-	-
Deferred expenditure written off		55	43	-	-
Amount owing by subsidiary companies written off		-	-	46,594	-
Waiver of amount owing to subsidiary companies		-	-	(6,601)	-
Unrealised loss/(gain) on foreign exchange		-	-	483	(1,449)
Finance income		(80)	(583)	(4,707)	(4,571)
Finance cost		7,776	7,670	8,005	5,967
Profit(Loss) before working capital changes		1,344	1,367	2,466	(3,345)

Statements of Cash Flows (Cont'd)
For The Financial Year Ended 31 March 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Profit(Loss) before working capital changes		1,344	1,367	2,466	(3,345)
Changes in working capital:					
Inventories		503	2,503	-	-
Trade and other receivables		9,432	1,533	2,502	14,983
Trade and other payables		73	(2,127)	594	(2,800)
Contract liabilities		280	-	-	-
Subsidiary companies		-	-	4,688	-
Net cash from operations		11,632	3,276	10,250	8,838
Interest paid		(7,776)	(7,670)	(6,452)	(5,967)
Interest received		3	583	-	4,571
Income tax refunded		340	278	63	-
Income tax paid		(1,320)	(1,374)	(25)	-
Net cash generated from/ (used in) operating activities		2,879	(4,907)	3,836	7,442
Cash flows from investing activities					
Purchase of property, plant and equipment	(a)	(1,273)	(1,150)	(9)	(11)
Proceeds from disposal of property, plant and equipment		252	-	247	1
Purchase of investment properties		-	(9)	-	-
Proceeds from disposal of investments in associate		-	14,893	-	-
Net withdrawal of fixed deposits with licensed bank		3,064	5,654	-	-
Net cash generated from/(used in) investing activities		2,043	19,388	238	(10)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from financing activities					
Drawdown of borrowings		1,031	12,000	-	12,000
Advance from/(Repayment) to director		3,309	(2,952)	3,309	(2,952)
Net repayment of term loans		(9,498)	(14,875)	(9,000)	(14,000)
Net repayment of hire purchase payables		(192)	(141)	(122)	(71)
Repayment of revolving credit		(500)	-	-	-
Net cash used in financing activities		(5,850)	(5,968)	(5,813)	(5,023)
Net (decrease)/increase in cash and cash equivalents		(1,428)	8,513	(1,739)	2,409
Effect of exchange rate changes		670	1,308	-	-
Cash and cash equivalents at beginning of the financial year		(18,948)	(28,769)	(8,024)	(10,433)
Cash and cash equivalents at end of the financial year		(19,706)	(18,948)	(9,763)	(8,024)
Analysis of cash and cash equivalents					
Cash and bank balances		3,490	4,660	2,225	2,207
Bank overdraft	17	(23,196)	(23,608)	(11,988)	(10,231)
		(19,706)	(18,948)	(9,763)	(8,024)

(a) Purchase of property, plant and equipment

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Purchase of property, plant and equipment	1,533	1,150	9	11
Financed by way of finance lease arrangements	(260)	-	-	-
Cash payments on purchase of property, plant and equipment	1,273	1,150	9	11

(b) Reconciliation of liabilities arising from financing activities

Group

	1 April 2018 RM'000	Drawdown RM'000	Cash flows RM'000	31 March 2019 RM'000
Term loans (Note 17)	73,768	1,031	(9,498)	65,301
Hire purchase	211	260	(192)	279
Advance from a director	177	-	3,309	3,486
Revolving credit	13,500	-	(500)	13,000
	87,656	1,291	(6,881)	82,066

	1 April 2017 RM'000	Drawdown RM'000	Cash flows RM'000	31 March 2018 RM'000
Term loans (Note 17)	76,643	12,000	(14,875)	73,768
Hire purchase	352	-	(141)	211
Advance from a director	3,129	-	(2,952)	177
Revolving credit	13,500	-	-	13,500
	93,624	12,000	(17,968)	87,656

Company

	1 April 2018 RM'000	Drawdown RM'000	Cash flows RM'000	31 March 2019 RM'000
Term loans (Note 17)	73,486	-	(9,000)	64,486
Hire purchase	157	-	(122)	35
Advance from a director	177	-	3,309	3,486
Revolving credit	10,000	-	-	10,000
	83,820	-	(5,813)	78,007

	1 April 2017 RM'000	Drawdown RM'000	Cash flows RM'000	31 March 2018 RM'000
Term loans (Note 17)	75,486	12,000	(14,000)	73,486
Hire purchase	228	-	(71)	157
Advance from a director	3,129	-	(2,952)	177
Revolving credit	10,000	-	-	10,000
	88,843	12,000	(17,023)	83,820

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

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office and the principal place of business of the Company is located at Unit 8E, Level 8, Wisma YPR, No.1, Lorong Kapar, Off Jalan Syed Putra, 58000 Kuala Lumpur.

The Company's principal activities are investment holding and the provision of management services. The principal activities of its subsidiary companies are stated in Note 9 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

The financial statements of the Group and of the Company were authorised for issuance by the Board of Directors in accordance with a resolution of the directors on 22 July 2019.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

The Group and the Company have adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

<u>New MFRSs</u>	
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contract with Customers
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1	Disclosure of Interest in Other Entities
MFRS 2	Statement of Cash Flows
MFRS 4	Income Taxes
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property
<u>New IC Int</u>	
IC Int 22	Foreign Currency Transactions and Advance Consideration

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

MFRS 9 Financial Instruments

MFRS 9 replaced the guidance of MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held.

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

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses which replaced the "incurred loss" model in MFRS 139. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal lifetime expected credit losses.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 9 Financial Instruments (Continued)

The retrospective application of MFRS 9 does not require restatement of 2018 comparative financial statements. As such, the Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. The Group and the Company recognised any difference between the carrying amount of financial instruments under MFRS 139 and the restated carrying amount under MFRS 9 in the opening balance of retained earnings of the annual reporting period including the date of initial application i.e. 1 April 2018.

Impact of the adoption of MFRS 9

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to financial instruments, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Classification and measurement

The following is the changes in the classification of the Group's and the Company's financial assets:

Trade and other receivables, including refundable deposits previously classified as Loans and Receivables under MFRS 139 as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 April 2018.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 9 Financial Instruments (Continued)

Impact of the adoption of MFRS 9 (Continued)

(i) Classification and measurement (Continued)

In summary, upon the adoption of MFRS 9, the Group and the Company had the following reclassification as at 1 April 2018:

		MFRS 9 measurement category	
MFRS 139 measurement category	**1 April 2018**	**Amortised cost**	**Fair value through other comprehensive income**
	RM'000	**RM'000**	**RM'000**
Financial assets			
Group			
Loan and receivables			
Trade and other receivables	25,529	25,529	-
Fixed deposits with licensed banks	7,154	7,154	-
Cash and bank balances	4,660	4,660	-
Available-for-sales			
Other investments	332	-	332
Company			
Loan and receivables			
Trade and other receivables	8,736	8,736	-
Amount owing by subsidiary companies	259,586	259,586	-
Cash and bank balances	2,207	2,207	-

(ii) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording expected credit losses on all its trade and other receivables, either on a 12-month or lifetime basis. Accordingly, the Group and Company do not recognise additional impairment losses on its trade and other receivables at the date of initial application arising from application of simplified approach and general approach respectively to reconcile the lifetime expected credit losses.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

The Group and the Company have applied MFRS 15 retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings (or other components of equity) at the date of initial application of 1 April 2018. As such, the comparative information was not restated and continues to be reported under MFRS 111, MFRS 118 and related Interpretations. The Group and the Company have elected the practical expedient to apply the standard only to contracts that are not completed as at 1 April 2018. The Group and the Company also elected the practical expedient of not to retrospectively restate the contract for those modifications before the date of initial application, but instead, to reflect the aggregate effect of all past contract modifications when identifying the performance obligations, and determining and allocating the transaction price to the satisfied and unsatisfied performance obligations.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

Impact of the adoption of MFRS 15

The adoption of MFRS 15 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to contracts with customers, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

The effect of adoption of MFRS 15 as at 1 April 2018 is as follows:

Statement of financial position	**Reference**	**Increased/ (Decreased) RM'000**
Non-current assets		
Land held for property development	(i)	(58,889)
Inventories	(i)	58,889
Current assets		
Development properties	(i)	(54,687)
Inventories	(i)	54,687
Trade and other payables	(i)	(164)
Contract liabilities	(i)	164

(i) Presentation of development properties

The Group has reclassified the development properties to inventories and trade and other payables to contract liabilities.

The amounts by which each financial statement line item is affected as at and for the financial year ended 31 March 2019 as a result of the adoption of MFRS 15, including the reasons for the significant changes, are as follows:

Statement of financial position	**Report under**		
	MFRS 15 RM'000	**MFRS 118/ MFRS 111 RM'000**	**Increased/ (Decreased) RM'000**
Non-current assets			
Land held for property development	-	72,709	(72,709)
Inventories	72,709	-	72,709
Current assets			
Development properties	-	40,364	(40,364)
Inventories	40,364	-	40,364
Trade and other payables	-	282	(282)
Contract liabilities	282	-	282

The adoption of MFRS 9 and MFRS 15 did not have a material impact on the Group's and the Company's statement of comprehensive income or the Group's and the Company's operating, investing and financing cash flows.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

Amendments to MFRS 140 Investment Property

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

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

IC Int 22 Foreign Currency Transactions and Advance Consideration

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

2.3 New MFRS, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time adoption of MFRSs	1 January 2021*
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*/ 1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019/ 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective: (continued)

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (continued)		
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*/ 1 January 2021#
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019/ 1 January 2021#
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred 1 January 2021#
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*/ 1 January 2021#
MFRS 138	Intangible Assets	1 January 2020*/ 1 January 2021#
MFRS 140	Investment Property	1 January 2021#
New IC Int		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

* *Amendments to References to the Conceptual Framework in MFRS Standards*
\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

MFRS 16 Leases

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

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

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises or equipment on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 April 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

MFRS 17 Insurance Contracts

MFRS 17 introduces consistent accounting for all insurance contracts. MFRS 17 requires entities that issue insurance contracts to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts. Profits from the group of insurance contracts are recognised over the insurance coverage period. In addition, insurance revenue is presented separately from insurance finance income or expenses.

For insurance contracts with coverage period of one year or less, MFRS 17 allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period. This standard is not applicable to the Group.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

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

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

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

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

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

The amendments to the sixteenth standards are a consequence of MFRS 17 with an effective date on or after 1 January 2021, which include MFRS 1, MFRS 3, MFRS 5, MFRS 7, MFRS 9, MFRS 15, MFRS 101, MFRS 107, MFRS 116, MFRS 119, MFRS 128, MFRS 132, MFRS 136, MFRS 137, MFRS 138 and MFRS 140.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

2.3.2 The Group and the Company is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs and new IC Int.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, unless otherwise stated.

2.5 Basis of measurement

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

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

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

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

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

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

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.8(a).

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

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

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

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

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

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

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(c) Associates (continued)

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b) to the financial statements.

Contributions to subsidiaries are amounts which the Company does not expect repayment in the foreseeable future and are considered as part of the Company's investment in the subsidiaries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions

(a) Translation of foreign currency transactions

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

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

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

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

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

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions (continued)

(b) Translation of foreign operations (continued)

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Accounting policies applied from 1 April 2018

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

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

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

Accounting policies applied from 1 April 2018 (continued)

(a) Subsequent measurement

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

(i) Financial assets

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when its business model for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- Amortised cost

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

Accounting policies applied from 1 April 2018 (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(i) Financial assets (continued)

Debt instruments (continued)

- Fair value through other comprehensive income (FVOCI)

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- Fair value through profit or loss (FVPL)

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

Accounting policies applied from 1 April 2018 (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows: (continued)

(i) Financial assets (continued)

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

Accounting policies applied from 1 April 2018 (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(ii) Financial liabilities (continued)

The Group and the Company classify their financial liabilities in the following measurement categories: (continued)

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

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

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves purchase or sell an asset).

Trade date accounting refers to:

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

Accounting policies applied from 1 April 2018 (continued)

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

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when and only when:

(i) the contractual rights to receive the cash flows from the financial asset expire, or

(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

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

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

Accounting policies applied from 1 April 2018 (continued)

(e) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

Accounting policies applied until 31 March 2018

(a) Subsequent measurement

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

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

Loans and receivables

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

Accounting policies applied until 31 March 2018 (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows: (continued)

(i) Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements.

(ii) Financial liabilities

Same accounting policies applied in 31 March 2019 and 31 March 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

Accounting policies applied until 31 March 2018 (continued)

(b) Financial guarantee contracts

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

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

(c) Regular way purchase or sale of financial assets

Same accounting policies applied in 31 March 2019 and 31 March 2018.

(d) Derecognition

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

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

(e) Offsetting of financial instruments

Same accounting policies applied in 31 March 2019 and 31 March 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition of measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17 to the financial statements.

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

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

Freehold land and buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment (continued)

(b) Subsequent cost

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight line basis over the estimated useful lives of the assets using the following annual rates:

Long term leasehold land	88 - 99 years
Buildings	2%
Motor vehicles	10%-20%
Furniture and fittings	10%
Office equipment	10%
Data processing equipment	20%
Electrical installation	10%
Renovation	10%
Boats	15%
Computer integrated system	10%

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

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

(d) Derecognition

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases

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

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

(a) Lessee accounting

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

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

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

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

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

(b) Lessor accounting

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Investment properties

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

Investment properties are initially measured at cost, including transaction costs. The Group uses the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Buildings are depreciated on a straight-line basis over their estimated useful lives of 50 years.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17 to the financial statements.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

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

3.8 Goodwill and other intangible assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Inventories

Inventories are measured at the lower of cost and net realisable value, cost being determined based on specific identification.

Property under development

Cost includes:

- freehold and leasehold rights for land
- amounts paid to contractors for construction
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

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.

3.10 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a).

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets

(a) Impairment of financial assets and contract assets

Accounting policies applied from 1 April 2018

Financial assets measured at amortised cost, financial assets measured at FVOCI, lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 to 90 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

Accounting policies applied from 1 April 2018 (continued)

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

Accounting policies applied from 1 April 2018 (continued)

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Accounting policies applied until 31 March 2018

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

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

Loans and receivables and held-to-maturity investments

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

Accounting policies applied until 31 March 2018 (continued)

Loans and receivables and held-to-maturity investments (continued)

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

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

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

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where there is objective evidence that the asset is impaired, the decline in the fair value of an available-for-sale financial asset together with the cumulative loss recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

Accounting policies applied until 31 March 2018 (continued)

Unquoted equity instruments carried at cost

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

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, assets arising from employee benefits and investment properties 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 Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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 non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs 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 CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

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

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount.

Impairment losses are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (continued)

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

For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.13 Share capital

Ordinary shares

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

3.14 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Provisions

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

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.16 Revenue and other income

Accounting policies applied from 1 April 2018

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.
Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach [or adjusted market assessment approach or residual approach].

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and other income (continued)

Accounting policies applied from 1 April 2018 (continued)

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.
A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts. Any cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability is disclosed in notes to the account.

(a) Property development

The Group and the Company develop and sell residential and commercial properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. In the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Company and the Group and the Company have an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

Revenue from other promises such as club house/club membership are recognised over time over the membership period.

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and include deposits or advances received from customers exceeds revenue recognised to date then the Group and the Company recognise a contract liability for the difference.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and other income (continued)

Accounting policies applied from 1 April 2018 (continued)

(a) Property development (continued)

Consistent with market practice, the Group and the Company collect deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group and the Company have obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

(b) Hotel and resort

Revenue from the provision of room, food and beverage sales from hotel and resort operations are recognised upon services rendered to the customer.

(c) Travel services and tours

Revenue from group travel services and tours, hotel arrangements and air ticketing are recognised upon services rendered to the customer.

(d) Management fee and interest income

Management fee and interest income are recognised on an accrual basis.

(e) Dividend income

Dividend income is accounted for in the profit or loss when the rights to receive have been established.

Accounting policies applied until 31 March 2018

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and indirect taxes applicable to the revenue.

Revenue is recognised in the profit or loss based on the followings:

(a) Property development activities

Revenue from property development activities is recognised when it is probable that future economic benefits will flow to the Group and by reference to the stage of completion of the development activities in respect of development units sold. The stage of completion is measured by the completion of a physical proportion of contract work to date.

(b) Hotel and resort

Same accounting policies applied in 31 March 2019 and 31 March 2018.

(c) Travel service and tours

Same accounting policies applied in 31 March 2019 and 31 March 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and other income (continued)

Accounting policies applied until 31 March 2018 (continued)

(d) Management fee and interest income

Same accounting policies applied in 31 March 2019 and 31 March 2018.

(e) Dividend income

Same accounting policies applied in 31 March 2019 and 31 March 2018.

3.17 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

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

3.18 Taxation

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

(i) Current tax

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Taxation (continued)

(ii) Deferred tax (Continued)

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.7, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Taxation (continued)

(ii) Deferred tax (Continued)

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

3.19 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.20 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.21 Fair value 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 of 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 are 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Fair value measurement (continued)

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.

3.22 Contingencies

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

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:
(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

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

3.23 Contract costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group and the Company incur to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group and the Company expect those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 Inventories, MFRS 116 Property, Plant and Equipment or MFRS 138 Intangible Assets, are recognised as part of contract costs when all of the following criteria are met:
(a) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
(b) the costs generate or enhance resources of the Group and the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(c) the costs are expected to be recovered.

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, i.e. in accordance with the pattern of transfer of goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimate and Errors.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 Contract costs (continued)

(c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(a) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less

(b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group and the Company shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group and the Company shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 Impairment of Assets to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group and the Company have applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity would have recognised is one year or less.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. In determining value-in-use of a cash-generating unit, management estimates the discounted cash flows using reasonable and supportable inputs about sales, gross profit margin and other operating expenses based on past experience, current events and reasonably possible future developments. When value-in-used calculations are undertaken, management must estimate the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following (continued):

(b) Valuation of property, plant and equipment

Freehold land, leasehold land and buildings are carried at revalued amount. Revaluation of these assets is based on valuation performed by independent professional property valuers. The independent professional property valuers exercised judgement in determining market value and other factors used in their valuation process. Judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations may materially affect these estimates and the resulting valuation estimates.

(c) Property development revenue and expenses

The Group recognised property development revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and expenses, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(d) Inventories

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

Significant judgement is required in arriving at the net realisable value, particularly the estimated selling price of property inventories in the ordinary course of the business. The Group has considered all available information, including but not limited to expected sales prices, property market conditions, locations of property inventories and target buyers.

Inventories are reviewed on a regular basis and the Group will make an allowance for excess or obsolete inventories based on the factor above.

(e) Impairment of investments in subsidiaries

The Group assesses whether there is any indication that the cost of investment in subsidiaries is impaired at the end of each reporting date. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use involves exercise of significant judgement on the discount rate applied and the assumptions supporting the underlying cash flows projection which includes future sales, gross profit margin and operating expenses.

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM'000	Freehold land RM'000	Long term leasehold land RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Data processing equipment RM'000	Electrical installation RM'000	Boats RM'000	Renovations RM'000	Total RM'000
Group											
31.3.2019											
Valuation/Cost											
At 1 April 2018	195,283	6,223	33,227	1,731	9,038	11,939	2,890	794	75	17,378	278,578
Additions	-	-	-	377	89	901	61	45	-	60	1,533
Disposals	-	-	-	(270)	-	-	(6)	-	-	(100)	(376)
Written off	-	-	-	-	(153)	(133)	(53)	(29)	-	(71)	(439)
Revaluation	58	1,547	22,616	-	-	-	-	-	-	-	24,221
Reclassification	-	-	(5,242)	-	-	-	-	-	-	-	(5,242)
Exchange differences	7	-	-	4	11	14	33	-	-	9	78
At 31 March 2019	195,348	7,770	50,601	1,842	8,985	12,721	2,925	810	75	17,276	298,353
Accumulated depreciation											
At 1 April 2018	12,066	-	4,878	1,449	8,222	6,952	2,246	472	75	14,561	50,921
Charge for the financial year	6,070	-	364	178	275	546	205	74	-	794	8,506
Disposals	-	-	-	(184)	-	-	(1)	-	-	(50)	(235)
Written off	-	-	-	-	(153)	(109)	(47)	(11)	-	(72)	(392)
Reclassification	-	-	(5,242)	-	-	-	-	-	-	-	(5,242)
Exchange differences	1	-	-	3	11	14	32	-	-	6	67
At 31 March 2019	18,137	-	-	1,446	8,355	7,403	2,435	535	75	15,239	53,625
Carrying amount											
At 31 March 2019	177,211	7,770	50,601	396	630	5,318	490	275	-	2,037	244,728
Representing											
- cost	-	-	-	396	630	5,318	490	275	-	2,037	9,146
- valuation	177,211	7,770	50,601	-	-	-	-	-	-	-	235,582
	177,211	7,770	50,601	396	630	5,318	490	275	-	2,037	244,728

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Buildings RM'000	Freehold land RM'000	Long term leasehold land RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Data processing equipment RM'000	Electrical installation RM'000	Boats RM'000	Renovations RM'000	Computer integrated systems RM'000	Total RM'000
31.3.2018 (Restated)												
Valuation/Cost												
At 1 April 2017	195,471	6,223	33,227	1,749	9,635	13,446	4,025	1,305	75	17,668	3,310	286,134
Additions	331	-		-	51	350	327	78	-	13	-	1,150
Transfer/ reclassifications	(519)	-	-	-	-	-	-	-	-	-	-	(519)
Disposals	-	-	-	(4)	-	-	-	-	-	-	-	(4)
Written off	-	-	-	-	(612)	(1,804)	(1,363)	(589)	-	(276)	(3,310)	(7,954)
Exchange differences	-	-	-	(14)	(36)	(53)	(99)	-	-	(27)	-	(229)
At 31 March 2018	195,283	6,223	33,227	1,731	9,038	11,939	2,890	794	75	17,378	-	278,578
Accumulated depreciation												
At 1 April 2017	5,955	-	4,514	1,257	8,551	8,311	3,515	978	74	13,615	2,979	49,749
Charge for the financial year	6,111	-	364	207	316	455	186	79	1	1,117	331	9,167
Disposals	-	-	-	(4)	-	-	-	-	-	-	-	(4)
Written off	-	-	-	-	(612)	(1,773)	(1,360)	(585)	-	(156)	(3,310)	(7,796)
Exchange differences	-	-	-	(11)	(33)	(41)	(95)	-	-	(15)	-	(195)
At 31 March 2018	12,066	-	4,878	1,449	8,222	6,952	2,246	472	75	14,561	-	50,921
Carrying amount												
At 31 March 2018	183,217	6,223	28,349	282	816	4,987	644	322	-	2,817	-	227,657
Representing												
- cost	-	-	-	282	816	4,987	644	322	-	2,817	-	9,868
- valuation	183,217	6,223	28,349	-	-	-	-	-	-	-	-	217,789
	183,217	6,223	28,349	282	816	4,987	644	322	-	2,817	-	227,657

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment RM'000	Furniture and fittings RM'000	Data processing equipment RM'000	Electrical installation RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
Company							
2019							
Cost							
At 1 April 2018	35	99	74	29	414	445	1,096
Additions	-	-	7	2	-	-	9
Disposals	-	-	-	-	(100)	(270)	(370)
Written off	-	-	(3)	-	-	-	(3)
At 31 March 2019	35	99	78	31	314	175	732
Accumulated depreciation							
At 1 April 2018	18	39	50	29	134	257	527
Charge for the financial year	2	10	9	-	42	61	124
Disposals					(50)	(184)	(234)
Written off	-	-	(2)	-	-	-	(2)
At 31 March 2019	20	49	57	29	126	134	415
Carrying amount							
At 31 March 2019	15	50	21	2	188	41	317
2018							
Cost							
At 1 April 2017	41	99	101	29	407	449	1,126
Additions	-	2	2	-	7		11
Disposals	(6)	(2)	(29)	-	-	(4)	(41)
At 31 March 2018	35	99	74	29	414	445	1,096
Accumulated depreciation							
At 1 April 2017	20	31	70	26	93	172	412
Charge for the financial year	3	10	9	3	41	89	155
Disposals	(5)	(2)	(29)	-	-	(4)	(40)
At 31 March 2018	18	39	50	29	134	257	527
Carrying amount							
At 31 March 2018	17	60	24	-	280	188	569

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) The details of independent professional valuation of the buildings are as follows:

Year of valuation	Description of property	Basis of valuation
2019	Land and building	Open market value

(b) Had the revalued freehold land, leasehold land and building been stated in the financial statements at cost less accumulated depreciation, the net carrying amount would have been as follows:

Group	31.3.2019 RM'000	31.3.2018 RM'000
Freehold land	6,223	6,223
Leasehold land	27,985	28,349
Buildings	62,538	64,695

(c) Assets under finance leases

Group	31.3.2019 RM'000	31.3.2018 RM'000
Motor vehicle	365	260
Company		
Motor vehicle	41	188

(d) Included in the Group's property, plant and equipment with the net carrying amount of RM155.3 million (2018: RM139.4 million) that have been pledged to secure against banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

(e) Included in the Group's property, plant and equipment are certain buildings which the Group is the beneficial owner with the net carrying amount of RM12.6 million (2018:RM12.6 million).

6. INVESTMENT PROPERTIES

	Group	
	31.3.2019 RM'000	**31.3.2018 RM'000**
Leasehold properties		
Cost		
At 1 April	4,101	4,092
Additions	-	9
At 31 March	4,101	4,101
Accumulated depreciation		
At 1 April	627	343
Charge for the financial year	82	284
At 31 March	709	627
Accumulated impairment loss		
At 1 April	-	-
Impairment loss for the financial year	501	-
At 31 March	501	-
Carrying amount		
At 31 March	2,891	3,474

The rental income derived from these investment properties is amounting to NIL (2018: RM0.024million).

The total direct operating expenses incurred for these investment properties are RM0.024 million (2018: RM0.023 million).

Valuation of investment properties - Level 3 fair value

The fair values for investment properties of the Group are determined based on the directors' estimation using sales comparison approach. Sales price of comparable properties in the same location or close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is price per square foot of comparable properties.

7. GOODWILL ARISING ON CONSOLIDATION

	Group		
	31.3.2019 RM'000	31.3.2018 RM'000 (Restated)	1.4.2017 RM'000
Cost			
Beginning of the financial year	38,215	39,684	39,684
Exchange differences	500	(1,469)	-
End of the financial year	38,715	38,215	39,684
Accumulated impairment			
Beginning of the financial year	15,342	14,856	14,856
Impairment losses	23,373	486	-
End of the financial year	38,715	15,342	14,856
Carrying amount			
At end of the financial year	-	22,873	24,828

The recoverable amount of CGUs has been determined based on value-in-use calculations using cash flows projection from financial budgets and forecasts approved by management covering a five-year period. The same method has also been used in the previous financial year.

CGU 1 and CGU 2

In current financial year, the carrying amount of the CGU 1 and CGU 2 significantly exceeds the estimated recoverable amount of the CGU 1 and CGU 2. As a result of the analysis, management had provided full impairment for these CGUs.

The recoverable amount of a CGU is determined based on value in use and were determined by discounting the future cash flows generated from the continuing use of the unit and were based on the following key assumptions:
(a) The cash flow projections were approved by the management covering of a period of 4 to 6 years;
(b) The subsidiary companies will continue its operation indefinitely;
(c) The net profit margin is based on past performance and its expectations of market development;
(d) The growth rate used is based on expected growth rates for sales; and
(e) The discount rate used is pretax and reflect specific risks relating to the relevant segments.

The key assumptions used in the computation of value in use are as follows:

	Group	
	31.3.2019 %	31.3.2018 %
Growth rate	5 - 10	5 - 10
Discount rate	9.50 - 10.43	6.85 - 8

Impairment loss of RM23.3 million was recognised during the financial year.

8. INVESTMENT IN ASSOCIATED COMPANIES

	Group	
	31.3.2019 RM'000	31.3.2018 RM'000
At Cost		
Unquoted shares	321	321
Loans that are part of the net investments	(316)	(316)
Less: Impairment loss	(5)	-
	-	5
Represented by:		
Share of net tangible assets	-	5

Details of associates as follows:

	Principal place of business/ Country of incorporation	Equity interest 2019 %	Equity interest 2018 %	Principal activities
Associate companies				
Vacation Asia (Thailand) Limited (Note a)	Thailand	49	49	Travel services and tours
Reliance Holidays (Thailand) Limited (Note b)	Thailand	49	49	Travel services and tours

Note a

- These financial statements are not audited by Messrs Baker Tilly Monteiro Heng PLT.
- The Group has discontinued recognised of its share of lossess as the share of accumulated losses of the associate has exceeded the Group's investment in that associate.
- The financial year end of the associated company is 31 December.

Note b

- These financial statements are not audited by Messrs Baker Tilly Monteiro Heng PLT.
- The Group has not recognised its share of losses as there is no available latest management account. However, the directors are of the view that would not have any significant impact to the Group based on past track record of result of the associate.
- The financial year end of the associated company is 31 December.

8. INVESTMENT IN ASSOCIATES COMPANIES (CONTINUED)

The summarised financial information of the associates is as follows:

	Group	
	31.3.2019 RM'000	31.3.2018 RM'000
Non-current assets	175	175
Current assets	621	621
Current liabilities	(535)	(535)
Currency translation differences	(256)	(256)
	5	5

9. INVESTMENT IN SUBSIDIARY COMPANIES

Company	2019 RM'000	2018 RM'000
At cost		
Unquoted shares	37,216	37,216
Less: Impairment loss	(10,706)	-
	26,510	37,216
Loans that are part of net investments	208,703	-
Less: Impairment loss	(10,870)	-
	197,833	-
	224,343	37,216

Loans that are part of net investments represent amount owing by subsidiary which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment loss, if any.

Details of the subsidiary companies are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %	Principal activities
Subsidiary companies				
Hotel Division				
Direct subsidiaries				
Fortune Valley Sdn Bhd	Malaysia	100	100	Development and management of hotels
Avillion Hotel Group Sdn Bhd	Malaysia	100	100	Hotel and resort management
RPB Management Services (Overseas) Sdn Bhd	Malaysia	100	100	Dormant
RPB Hotel & Resort Management Sdn Bhd	Malaysia	60	60	Dormant
RPB Holdings (Overseas) Limited	British Virgin Islands	100	100	Investment holding

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

Details of the subsidiary companies are as follows: (continued)

	Name of company	Principal place of business/ Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %	Principal activities
	Indirect subsidiaries held through Avillion Hotel Group Sdn Bhd				
	Avillion Hotels International Sdn Bhd	Malaysia	100	100	Hotel and resort management
	Avi Spa Sdn Bhd	Malaysia	100	100	Operate and manage spa and health centre
	Avillion Suite Hotel (PD) Sdn Bhd	Malaysia	100	100	Provision of management services for hotel suites and service apartments
	Avillion Vista Hotel Sdn Bhd	Malaysia	100	100	Provision of management services for hotel suites and service apartments
	Avillion Hotel (KL) Sdn Bhd	Malaysia	100	100	Dormant
*	Avillion Private Collection Limited	Hong Kong	100	100	Property marketing and management service
#	PT Avillion Indonesia	Indonesia	100	100	Management and advisory consultancy in hotel, property and tourism industry
	Indirect subsidiaries held through RPB Hotel & Resort Management Sdn Bhd				
	Gateway Inn Management Sdn Bhd	Malaysia	31	31	Dormant
	Indirect subsidiaries held through RPB Holdings (Overseas) Limited				
	Xplonet Investment Limited	British Virgin Islands	100	100	Investment property
	<u>Property Division</u>				
	Direct subsidiary				
	RPB Development Sdn Bhd	Malaysia	100	100	Hotel and resort development
	Indirect subsidiaries held through RPB Development Sdn Bhd				
	Mela Lifestyle Sdn Bhd	Malaysia	100	100	Property development
	Culmen Sdn Bhd	Malaysia	100	100	Investment holding
	Finesta Sdn Bhd	Malaysia	100	100	Dormant
	Meridian Haven Sdn Bhd	Malaysia	100	100	Investment holding
	Nesline Sdn Bhd	Malaysia	100	100	Investment holding
	Festive Place Sdn Bhd	Malaysia	100	100	Development and management of tourism related projects and property investment
	Admiral Cove Development Sdn Bhd	Malaysia	80	80	Property and resort development
	Admiral Hill Hotel Sdn Bhd	Malaysia	80	80	Property and resort development

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

Details of the subsidiary companies are as follows: (continued)

	Name of company	Principal place of business/ Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %	Principal activities
	Indirect subsidiaries held through Meridian Haven Sdn Bhd				
	Golden Envoy (M) Sdn Bhd	Malaysia	100	100	Property development
	Indirect subsidiaries held through Nesline Sdn Bhd				
	Taman Unik Sdn Bhd	Malaysia	100	100	Investment holding
	Indirect subsidiaries held through Festive Place Sdn Bhd				
	Vast Access Sdn Bhd	Malaysia	100	100	Investment and property holding
	Indirect subsidiaries held through Admiral Cove Development Sdn Bhd				
	Admiral Marina Berhad	Malaysia	80	80	Operation of a marina club including berthing facilities
	ACD Project Management Services Sdn Bhd	Malaysia	80	80	Provision of management services
	Genius Field Sdn Bhd	Malaysia	80	80	Investment holding
	<u>Travel division</u>				
	Direct subsidiary				
	Reliance E-Com Sdn Bhd	Malaysia	100	100	Investment company in relation to electronic commerce
	Indirect subsidiaries held through Reliance E-Corn Sdn Bhd				
	Traveleasi Sdn Bhd	Malaysia	100	100	Electronic commerce in relation to reservation services for airline tickets and tour packages via the internet and the development of related systems and products
	Reliance Shipping & Travel Agencies (Perak) Sdn Bhd	Malaysia	100	100	Investment holding
	Xplonet Capital Sdn Bhd	Malaysia	100	100	Dormant
	Indirect subsidiaries held through RPB Holdings (Overseas) Limited				
*	Reliance Travel Agencies (S) Pte. Ltd	Singapore	100	100	Travel services, outbound tours and other related services
*	Vacation Singapore DMC Pte. Ltd	Singapore	100	100	Travel services, outbound tours and other related services

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

Details of the subsidiary companies are as follows: (continued)

	Name of company	Principal place of business/ Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %	Principal activities
	Travel Division				
	Indirect subsidiaries held through RPB Holdings (Overseas) Limited				
*	Australian Vacations Pty Ltd	Australia	100	100	Travel services and tours
*	Reliance Travel Pty Ltd	Australia	100	100	Travel services and tours
*	Reliance Travel (Hong Kong) Limited	Hong Kong	100	100	Travel services and tours
*	Vacation Asia (HK) Limited	Hong Kong	100	100	Travel services and tours, dissolved
*	Vacationland Tours (HK) Limited	Hong Kong	100	100	Dormant
	Support Companies				
	Direct subsidiary				
*	RPB Capital Holdings Sdn Bhd	Malaysia	100	100	Investment holding
	Indirect subsidiaries held through RPB Capital Holdings Sdn Bhd				
*	Read Advertising Sdn Bhd	Malaysia	100	100	Advertising and media services
*	OS Resources Sdn Bhd	Malaysia	100	100	Office services, administrative and provision of information technology products and services and property investment

* Companies audited by another firm of auditors other than Baker Tilly Monteiro Heng PLT.

\# Companies not required to be audited in their countries of incorporation. The financial statements have been reviewed for consolidation purposes.

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

(a) NCI percentange of ownership, interest and voting interest

	2019			
	Admiral Cove Development Sdn Bhd RM'000	**RPB Hotel & Resort Management Sdn Bhd RM'000**	**Admiral Hill Hotel Sdn Bhd RM'000**	**Total RM'000**
	20%	40%	20%	
Carrying amount of NCI	3,545	15	368	3,928
Profit/(Loss) allocated to NCI	1,825	(4,755)	434	(2,496)

	2018			
	Admiral Cove Development Sdn Bhd RM'000	**RPB Hotel & Resort Management Sdn Bhd RM'000**	**Admiral Hill Hotel Sdn Bhd RM'000**	**Total RM'000**
	20%	40%	20%	
Carrying amount of NCI	1,175	4,770	(67)	5,878
Loss allocated to NCI	(291)	(3)	(1)	(295)

(b) Summarised statements of financial position

	2019 RM'000	**2018 RM'000**
Total assets	112,544	136,188
Total liabilities	(92,182)	(121,167)
Net assets	20,362	15,021

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows (continued):

(c) Summarised statements of comprehensive income

	2019 RM'000	2018 RM'000
Revenue	9,067	10,968
Profit/(Loss) before tax	5,710	(1,506)
Income tax	61	(22)
Net profit/(loss) for the year	5,771	(1,528)
Loss for the year allocated to NCI	(2,496)	(295)

(d) Summarised statements of cash flow

	2019 RM'000	2018 RM'000
Cash flow from operating activities	436	276
Cash flow from/(used in) investing activities	3	(298)
Cash flow (used in)/from financing activities	(1,029)	54

10. OTHER INVESTMENT

	Group	
	31.3.2019 RM'000	31.3.2018 RM'000
Available-for-sale financial assets		
Quoted shares, at fair value	-	332
Fair value through other comprehensive income financial assets		
Quoted shares, at fair value	324	-

The fair value of the quoted shares are determined based on the quoted market bid prices available on the relevant stock exchange.

11. DEFERRED AND DEVELOPMENT EXPENDITURE

	Group	
	31.3.2019 RM'000	31.3.2018 RM'000
Beginning of the year	54	13
Additions during the year	-	86
Written off during the year	(55)	(43)
Exchange differences	1	(2)
End of the year	-	54

12. INVENTORIES

	Group	
	31.3.2019 RM'000	31.3.2018 RM'000
At cost:		
Non-current		
Property held for development		
- Freehold land at cost	24,268	25,300
- Leasehold land at cost	17,074	16,653
- Development cost	31,367	16,936
	72,709	58,889
Current		
Property under development		
- Freehold land at cost	16,500	15,469
- Development cost	7,517	22,710
Completed properties	15,556	15,712
Trading merchandise	704	734
Others	87	62
	40,364	54,687
	113,073	113,576

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.3.2019 RM'000	31.3.2018 RM'000	2019 RM'000	2018 RM'000
Non-current:				
Non-trade				
Other receivables	3,673	6,742	3,392	5,749
Total trade and other receivables (non-current)	3,673	6,742	3,392	5,749
Current:				
Trade				
Trade receivables	6,331	10,036	-	-
Less : Expected credit losses	(299)	(287)	-	-
	6,032	9,749	-	-
Non-trade				
Other receivables	3,499	5,010	2,316	2,199
Deposits and prepayments	2,864	4,028	526	788
	6,363	9,038	2,842	2,987
Total trade and other receivables (current)	12,395	18,787	2,842	2,987
Total trade and other receivables (current and non-current)	16,068	25,529	6,234	8,736

Trade receivables are non-interest bearing and normal credit terms offered by the Group range from 30 days to 90 days (2018: 30 days to 90 days).

The Company's other receivables consist of amount due from former related companies amounting to RM5.708 million (2018: RM7.949 million) which is unsecured, subject to interest rate at 5% to 6.1% (2018: 5% to 6.1%) per annum and has fixed term of repayment. All other amounts are interest free, unsecured and repayable on demand.

The Group and the Company apply the simplified approach to trade receivables and general approach to other receivables measuring expected credit losses.

The movement in the expected credit losses of trade receivables is as follows:

	Group	
	31.3.2019 RM'000	31.3.2018 RM'000
At 1 April	287	275
Charge for expected credit losses	12	12
At 30 March	299	287

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables (continued)

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	31.3.2019 RM'000	**31.3.2018 RM'000**
Neither past due nor impaired	3,205	5,228
Past due but not impaired		
Past due 1 to 30 days	1,075	1,049
Past due 31 to 60 days	810	865
Past due 61 to 90 days	379	402
Past due 91 to 120 days	563	2,205
	2,827	4,521
Less: Allowance for impairment	299	287
	6,331	10,036

Receivables that are neither past due nor impaired

Trade receivables that were neither past due nor impaired relate to customers from whom there were no default. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that were past due but not impaired relate to customers where there is no expectation of default. The directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

14. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

The amount due by/(to) subsidiary companies are unsecured and are repayable on demand except for the amount of RM29.530 million (2018: Nil) to be repaid over 5 years. Interest rate ranging from 1.5% to 6.85% per annum is charged on amount owing of NIL (2018: RM175.921 million) by certain subsidiaries. All other amounts are interest free, unsecured and repayable on demand.

15. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2019 Units ('000)	2018 Units ('000)	2019 RM'000	2018 RM'000
Ordinary shares				
At 1 April/31 March	858,552	858,552	200,551	200,551

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

16. RESERVES

		Group			Company	
	Note	31.3.2019 RM'000	31.3.2018 RM'000 (Restated)	1.4.2017 RM'000 (Restated)	2019 RM'000	2018 RM'000
Fair value reserve	(i)	(4,689)	(4,681)	(4,634)	-	-
Foreign currency translation reserve	(ii)	8,209	7,527	10,161	-	-
Revaluation reserve	(iii)	104,677	86,598	86,598		
		108,197	89,444	92,125	-	-
Accumulated losses		(91,957)	(56,341)	(39,422)	(96,032)	(33,134)
		16,240	33,103	52,703	(96,032)	(33,134)

(i) Fair value reserve

Fair value reserve arising from the restatement to fair value through other comprehensive income financial assets held by the Group at the end of the reporting period.

(ii) Foreign currency translation reserve

Exchange differences arising from the translation of foreign controlled subsidiaries are taken to the translation reserve as described in the accounting policies.

(iii) Revaluation reserve

Revaluation reserve relates to the revaluation of the Group's buildings.

17. LOANS AND BORROWINGS

	Note	Group 31.3.2019 RM'000	Group 31.3.2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current:					
Term loans	(a)	47,486	62,236	47,486	62,236
Finance lease liabilities	(b)	193	91	7	86
		47,679	62,327	47,493	62,322
Current:					
Bank overdraft					
- Secured	(c)	21,202	23,320	9,994	9,943
- Unsecured		1,994	288	1,994	288
Term loans	(a)	17,815	11,532	17,000	11,250
Finance lease liabilities	(b)	86	120	28	71
Revolving credit	(c)	13,000	13,500	10,000	10,000
		54,097	48,760	39,016	31,552
Total loans and borrowings:					
Bank overdraft					
- Secured	(c)	21,202	23,320	9,994	9,943
- Unsecured		1,994	288	1,994	288
Term loans	(a)	65,301	73,768	64,486	73,486
Finance lease liabilities	(b)	279	211	35	157
Revolving credit	(c)	13,000	13,500	10,000	10,000
		101,776	111,087	86,509	93,874

(a) The Company has been granted with term loans as follows:

Term loan of RM70 million from financial institution for a period of 8 years is to refinance the overdraft and term loan. The repayment is by 15 semi-annual installments commencing upon expiry of the 12 months grace period from the date of first drawdown. The effective interest rate is at 2.25% per annum above the Bank's Cost of Funds and is secured and supported as follows:

(i) Legal charge over properties of a subsidiary company;
(ii) Legal charge over inventories of subsidiary companies;
(iii) Debenture over fixed and floating assets; and
(iv) Corporate guarantee by a subsidiary of the Company.

Term loan of RM12 million from financial institution for a period of 2 years is to refinance the term loan and working capital. The repayment is by 7 quarterly installments, 3 installments at RM1 million and 4 installments at RM2.25 million commencing upon expiry of the 6 months grace period from the date of first drawdown. The effective interest rate is at 8.5% per annum and is secured over inventories of subsidiary companies.

17. LOANS AND BORROWINGS (CONTINUED)

(a) The Company has been granted with term loans as follows: (continued)

A subsidiary company have been granted with term loans as follows:

Term loan of RM3 million from financial institution for a period of 4 years is to finance refurbishment and maintenance and repair related cost at Avillion Port Dickson Resort. The repayment is by 6 semi-annual installments, one installment at RM0.375 million, 4 installments at RM0.5 million and last installment at RM0.625 million commencing upon expiry of the 18 months grace period from the date of first drawdown. The effective interest rate is at 2.25% per annum above the Bank's Cost of Funds annum and is secured and supported as follows:

(i) Legal charge over property of the subsidiary company;
(ii) Debenture over fixed and floating assets; and
(iii) Corporate guarantee by the Company.

(b) Certain motor vehicles of the Group as disclosed in Note 5 are pledged for finance leases. Such leases do not have terms for renewal which would give the Group an option to purchase at nominal values at the end of lease term. The average interest rate implicit in the leases is 4.3% (2018: 4.0%).

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	Group		Company	
	31.3.2019 RM'000	31.3.2018 RM'000	2019 RM'000	2018 RM'000
Minimum lease payment:				
Not later than one year	97	151	31	96
Later than one year and not later than 5 years	217	96	8	80
	314	247	39	176
Less: Future finance charges	(35)	(36)	(4)	(19)
	279	211	35	157
Present value of minimum lease payments receivable:				
Not later than one year				
Later than one year and	86	120	28	71
not later than 5 years	193	91	7	86
	279	211	35	157
Less: Amount due within 12 months	(86)	(120)	(28)	(71)
Amount due after 12 months	193	91	7	86

17. LOANS AND BORROWINGS (CONTINUED)

(c) Bank overdraft and revolving credit is secured by way of:

(i) Legal charge over inventories of subsidiary companies;
(ii) Corporate guarantee by the Company; and
(iii) Pledge of short-term deposits.

18. DEFERRED TAX LIABILITIES

(a) The component and movements of deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows:

	Revaluation of land and buildings RM'000	Property, plant and equipment RM'000	Total RM'000
Group			
At 1 April 2017 (Restated)	26,910	7,414	34,324
Recognised in profit or loss (Note 26)	(926)	(4)	(930)
At 31 March 2018 (Restated)	25,984	7,410	33,394
Recognised in other comprehensive income	5,597	-	5,597
Recognised in profit or loss (Note 26)	(926)	8	(918)
At 31 March 2019	30,655	7,418	38,073
Company			
At 1 April 2017/31 March 2018/31 March 2019		(16)	(16)

18. DEFERRED TAX LIABILITIES (CONTINUED)

(b) The tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 31 March 2019, the estimated amount of deferred tax assets calculated at the applicable tax rate, which is not recognised in the financial statements due to uncertainty of its realisation is as follows:

	Group		Company	
	31.3.2019 RM'000	31.3.2018 RM'000	2019 RM'000	2018 RM'000
Tax effects of unused tax losses	30,422	27,430	9,208	9,480
Tax effects of unabsorbed capital allowance	220	74	-	-
Tax effects of other deductible differences	162	164	-	-
	30,804	27,668	9,208	9,480

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade				
Trade payables	12,104	11,872	-	-
Non-trade				
Other payables	4,310	5,119	1,182	1,003
Accrued expenses	5,491	4,841	439	24
Advance from a director	3,486	177	3,486	177
	25,391	22,009	5,107	1,204

Trade payables are non-interest bearing and the normal credit period granted to the Group range from 30 days to 90 days (2018: 30 days to 90 days).

Included in other payables is an amount of RM 0.35 million (2018: NIL) owing to a director of subsidiary company. The amount is unsecured, interest free and repayable on demand.

The advance from a director is unsecured, interest-free and repayable on demand.

20. CONTRACT LIABILITIES

	Group	
	31.3.2019 RM	31.3.2018 RM
Contract liabilities relating to sale of membership fee	444	164

21. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Property development	11,694	11,685	-	-
Hotel and resort management	38,859	42,900	-	-
Tours operations and other travel related services	60,297	76,195	-	-
Supporting services	498	641	-	-
Management fee	-	-	500	336
Interest and financing income	-	-	5,040	4,571
	111,348	131,421	5,540	4,907
Timing of revenue recognition:				
At a point in time	109,275	131,421	5,540	4,907
Over time	2,073	-	-	-
	111,348	131,421	5,540	4,907

22. COST OF SALES

	Group	
	2019 RM'000	2018 RM'000
Property development	4,346	4,003
Hotel and resort management	6,764	7,434
Tours operations and other travel related services	55,452	69,872
Supporting services	410	154
	66,972	81,463

23. FINANCE INCOME

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest income from short term deposits	78	74	-	-
Interest income on financial instruments measured at amortised cost	-	-	4,707	-
Others	2	-	-	-
	80	74	4,707	-

24. FINANCE COST

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Term loan interest	4,657	4,516	4,626	4,428
Bank overdrafts	1,927	2,001	947	710
Revolving credit interest	1,136	1,112	834	797
Amortisation- Term loan upfront fee	23	23	23	23
Hire purchase interest	22	18	13	9
Unwinding of discount on amount owing from a subsidiary company	-	-	1,553	-
Others	11	-	9	-
	7,776	7,670	8,005	5,967

25. LOSS BEFORE TAX

Loss before tax is stated after crediting/(charging):

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
After charging:				
Expected credit losses	12	12	-	-
Auditors' remuneration:				
- current year	313	263	23	15
- prior year	3	5	-	-
Bad debts written off	17	485	-	-
Depreciation of property, plant and equipment	8,506	9,167	124	155

25. LOSS BEFORE TAX (CONTINUED)

Loss before tax is stated after crediting/(charging): (continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
After charging: (continued)				
Depreciation of investment properties	82	284	-	-
Directors' remuneration:				
- fees	235	233	183	170
- other emoluments	705	1,493	359	711
- Defined contribution plans	54	131	38	74
Impairment loss on goodwill	23,373	486	-	-
Impairment loss of investment in subsidiary companies	-	-	21,576	-
Impairment loss of investment properties	501	-	-	-
Impairment loss of investment in associates	5	-	-	-
Lease rental	4,173	6,368	-	-
Property, plant and equipment written off	47	159	1	1
Realised loss on foreign exchange	90	203	-	33
Rental of office	1,461	1,216	78	81
Staff cost:				
- short term benefits	17,077	17,789	1,226	1,269
- Defined contribution plans	1,781	1,748	150	182
Unrealised loss on foreign exchange	-	-	483	-
Deferred expenditure written off	55	43	-	-
Amount owing from subsidiary company written off	-	-	46,594	-
And crediting:				
Waiver of amount owing to subsidiary companies	-	-	6,601	-
Gain on disposal of property, plant and equipment	111	-	111	-
Gain on disposal of land held for development	530	1,122	-	-
Gain on disposal of investment in associate	-	376	-	-
Rental income	24	24	-	-
Realised gain on foreign exchange	6	3	-	-
Unrealised gain on foreign exchange	-	-	-	1,449

26. INCOME TAX

	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
Estimated tax payable:				
Current	625	1,333	-	-
Prior years	(434)	831	-	602
	191	2,164	-	602
Deferred tax (Note 18):				
Current	(918)	(930)	-	-
	(918)	(930)	-	-
	(727)	1,234	-	602

The income tax is calculated at the statutory rate of 24% (2018: 24%) of the estimated assessable profit for the year.

A numerical reconciliation of current tax expense applicable to loss before tax at the applicable 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 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Loss before tax	(38,839)	(15,980)	(62,898)	(3,448)
Tax at the applicable tax rate of 24% (2018: 24%)	(9,321)	(3,835)	(15,096)	(828)
Effect of tax rates in foreign jurisdictions	159	206	-	-
Tax effects of:				
Expenses that are not deductible in determining taxable profit	9,575	7,777	17,899	866
Income not subject to tax	(533)	(946)	(2,738)	(348)
Origination/(Utilisation) of deferred tax assets not recognised	753	619	(65)	310
Utilisation of group relief	-	(2,492)	-	-
Crystallisation of deferred tax liabilities	(926)	(926)	-	-
(Over)/Under provision in:				
- prior year	(434)	831	-	602
	(727)	1,234	-	602

27. LOSS PER SHARE

Basic loss per ordinary share

Basic loss per share are based on the profit/(loss) for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2019	**2018**
Net profit attributable to Owners of the Company (RM'000)	(35,616)	(16,919)
Weighted average number of ordinary shares in issue (unit '000)	858,552	858,552
Basic earnings per share (sen)	(4.15)	(1.97)

Diluted loss per ordinary share

Diluted loss per ordinary share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The basic and diluted loss per ordinary share are equal as the Group has no dilutive potential ordinary share(s).

28. FINANCIAL GUARANTEE

	Company	
	2019 RM'000	**2018 RM'000**
Corporate guarantee given by the Company to banks and suppliers for credit facilities granted to the subsidiary companies	19,054	24,433

The corporate guarantee does not have a determinable effect on the terms of the banking facilities due to the bank requiring parent guarantee as a pre-condition for approving the banking facilities granted to the Group. The fair value of the financial guarantee contract were not recognised in the statements of financial position as they are unlikely to be called.

29. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Company's holding company;
(ii) Entities having significant influence over the Group;
(iii) Subsidiaries;
(iv) Associates;
(v) Joint ventures;
(vi) Entities in which directors have substantial financial interests; and
(vii) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2019 RM'000	2018 RM'000
Subsidiary companies		
Interest income received	4,542	4,062
Management fee received	500	336

(c) Compensation of key management personnel

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short-term employee benefits	2,537	3,410	850	1,361
Contributions to EPF	257	352	96	153
	2,794	3,762	946	1,514

30. OPERATING LEASE

Operating lease commitments - as lessee

Operating lease payment represents fixed payment for the leaseback of one block of hotel suites for hotel management purposes for a period of 8 years and 50 units of hotel suites for 7 years.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Future minimum lease payable:		
Not later than 1 year	4,093	2,983
Later than 1 year but not later than 5 years	167	2,086
	4,260	5,069

31. SEGMENT INFORMATION

The Group prepared the segment information in accordance with MFRS 8 *Operating Segments* and on the basis of internal reports on the Group's strategic business units which are regularly reviewed by the Board of Directors in order to allocate resources to the segments and to assess their performances.

For management purposes, the Group is organised into the following operating divisions:
- Hotel management
- Property development
- Travel
- Support services and group management

Factors used to identify reportable segment

Hotel management segment, property development segment, travel segment and support services and group management segment are organised and identified as separate reportable segments due to the nature of the principal activities in which the business operates.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the directors.

Segment liabilities

The total segment liability is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the directors.

31. SEGMENT INFORMATION (CONTINUED)

	Hotel management		Property	Travel		Support services			
	Malaysia RM'000	Overseas RM'000	development RM'000	Malaysia RM'000	Overseas RM'000	and group management RM'000	Elimination RM'000	Notes	Total RM'000
Group									
2019									
Segment assets and liabilities									
Assets									
Segment assets	181,958	305	177,243	169	8,287	18,507			386,469
Investment in associates									-
Total assets									386,469
Liabilities									
Segment liabilities	20,355	242	8,136	11	6,850	92,017			127,611
Provision for taxation									66
Deferred tax liabilities									38,073
Total liabilities									165,750
Additions to non-current assets (other than financial instruments and deferred tax assets)									
- Property, plant and equipment	1,381	6	39	-	76	31			1,533

31. SEGMENT INFORMATION (CONTINUED)

	Hotel management Malaysia RM'000	Hotel management Overseas RM'000	Property development RM'000	Travel Malaysia RM'000	Travel Overseas RM'000	Support services and group management RM'000	Elimination RM'000	Notes	Total RM'000
Group									
2019									
Revenue									
External	38,313	546	11,694	-	60,297	498	-		111,348
Inter-segment	-	-	-	-	-	5,893	(5,893)		-
	38,313	546	11,694	-	60,297	6,391	(5,893)		111,348
Results									
Segment (loss)/profit	(13,640)	(109)	(7,569)	(948)	44,912	(61,485)			(38,839)
Share of results of associates									-
Loss before tax									(38,839)
Taxation	666	-	61	-	-	-			727
Net profit for the financial year									(38,112)
Income:									
Gain on disposal of property, plant and equipment	-	-	-	-	-	111	-		111
Interest income	-	-	23	-	55	-	-		78
Written back of amount owing to inter-company balances	85	-	-	-	46,509	6,601	(53,195)		-
Interest income on financial instruments measured at amortised cost	11	-	23,937	30	83	7,526	(31,587)		-

31. SEGMENT INFORMATION (CONTINUED)

Group 2019	Hotel management Malaysia RM'000	Hotel management Overseas RM'000	Property development RM'000	Travel Malaysia RM'000	Travel Overseas RM'000	Support services and group management RM'000	Elimination RM'000	Notes	Total RM'000
Expense:									
Expected credit losses	-	-	12	-	-	-	-		12
Bad debts written off	-	-	-	-	17	-	-		17
Depreciation of:									
- Property, plant and equipment	6,321	27	1,870	8	82	198	-		8,506
- Investment properties	-	-	82	-	-	-	-		82
Impairment loss on:									
- Goodwill	-	-	-	-	-	23,373	-		23,373
- Investment properties	-	-	501	-	-	-	-		501
Property, plant and equipment written off	47	-	-	-	-	-	-		47
Staff cost:									
- Short term benefits	8,906	102	3,539	-	3,179	1,351	-		17,077
- Defined benefit plans	954	-	383	-	259	185	-		1,781
Written off of deferred expenditure	-	44	-	-	11	-	-		55
Written off of amount owing by inter-company balances	6,601	-	-	-	-	46,594	(53,195)		-
Unwinding of discount on amount owing from inter-company balances	5,256	-	23,937	794	47	1,553	(31,587)		-
Impairment loss on investment in subsidairy companies	-	-	-	-	-	21,576	(21,576)		-

31. SEGMENT INFORMATION (CONTINUED)

	Hotel management		Property	Travel		Support services and group			
	Malaysia RM'000	Overseas RM'000	development RM'000	Malaysia RM'000	Overseas RM'000	management RM'000	Elimination RM'000	Notes	Total RM'000
Group									
2018									
Segment assets and liabilities									
Assets									
Segment assets	168,901	526	175,680	511	16,465	42,061			404,144
Investment in associates									5
Total assets									404,149
Liabilities									
Segment liabilities	18,012	278	6,190	203	13,447	95,130			133,260
Provision for taxation									56
Deferred tax liabilities									33,394
Total liabilities									166,710
Additions to non-current assets (other than financial instruments and deferred tax assets)									
- Property, plant and equipment	415	330	198	-	38	169			1,150

31. SEGMENT INFORMATION (CONTINUED)

	Hotel management		Property	Travel		Support services and group			
	Malaysia RM'000	Overseas RM'000	development RM'000	Malaysia RM'000	Overseas RM'000	management RM'000	Elimination RM'000	Notes	Total RM'000
Group									
2018									
Revenue									
External	42,396	504	11,685	-	76,195	641	-		131,421
Inter-segment	-	-	-	-	-	5,384	(5,384)		-
	42,396	504	11,685	-	76,195	6,025	(5,384)		131,421
Results									
Segment profit/(loss)	543	23	(5,429)	(444)	(3,121)	(7,552)			(15,980)
Share of results of associates									-
Profit/(Loss) before tax									(15,980)
Income tax expense	(567)	-	(73)	-	8	(602)			(1,234)
Net profit for the financial year									(17,214)
Income:									
Gain on disposal of an associate	-	-	376	-	-	-	-		376
Interest income	-	-	20	-	53	510	-		583

31. SEGMENT INFORMATION (CONTINUED)

	Hotel management		Property	Travel		Support services and group			
	Malaysia RM'000	Overseas RM'000	development RM'000	Malaysia RM'000	Overseas RM'000	management RM'000	Elimination RM'000	Notes	Total RM'000
Group									
2018									
Expense:									
Expected credit losses	-	-	12	-	-	-	-		12
Bad debts written off	-	-	-	-	485	-	-		485
Depreciation of:									
- Property, plant and equipment	6,491	94	1,916	331	95	240	-		9,167
- Investment properties	-	-	284	-	-	-	-		284
Impairment loss on:									
- Goodwill	-	-	-	-	-	486	-		486
Property, plant and equipment written off	26	-	120	-	-	13	-		159
Staff cost:									
- Short term benefits	9,048	92	2,988	-	4,793	868	-		17,789
- Defined benefit plans	908	3	298	-	358	181	-		1,748
Written off of deferred expenditure	-	43	-	-	-	-	-		43

31. SEGMENT INFORMATION (CONTINUED)

Notes

Nature of elimination to arrive at amounts reported in the consolidated financial statements:

(a) Inter-segment revenue are eliminated on consolidation;
(b) Inter-segment revenue and expenses are eliminated on consolidation; and
(c) Inter-segment balances are eliminated on consolidation.

32. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The following table analyses the financial assets and liabilities of the Group and the Company in the statements of financial position as at 31 March 2019 by the class of financial instrument to which they are assigned:

<u>From 1 April 2018:</u>
(i) Amortised cost ("AC")
(ii) Fair value through profit or loss ("FVTPL")

<u>On or before 31 March 2018:</u>
(i) Loan and receivables ("L&R")
(ii) Available-for-sale ("AFS")
(iii) Other financial liabilities ("FL")

	Note	Carrying amount RM'000	AC RM'000	FVTPL RM'000
Group				
31.3.2019				
Financial assets				
Other investments	10	324	-	324
Trade and other receivables *	13	14,509	14,509	-
Fixed deposits with licensed banks		4,168	4,168	-
Cash and bank balances		3,490	3,490	-
Total financial assets		22,491	22,167	324
Financial liabilities				
Loans and borrowings	17	101,776	101,776	-
Trade and other payables	19	25,391	25,391	-
Total financial liabilities		127,167	127,167	-

32. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

The following table analyses the financial assets and liabilities of the Group and the Company in the statements of financial position as at 31 March 2019 by the class of financial instrument to which they are assigned: (continued)

	Note	Carrying amount RM'000	L&R RM'000	AFS RM'000	FL RM'000
Group					
31.3.2018					
Financial assets					
Other investment		332	-	332	-
Trade and other receivables *	13	23,856	23,856	-	-
Fixed deposits with licensed banks		7,154	7,154	-	-
Cash and bank balances		4,660	4,660	-	-
Total financial assets		36,002	35,670	332	-
Financial liabilities					
Loans and borrowings	17	111,087	-	-	111,087
Trade and other payables	19	22,009	-	-	22,009
Total financial liabilities		133,096	-	-	133,096

	Note	Carrying amount RM'000	AC RM'000
Company			
2019			
Financial assets			
Trade and other receivables *	13	5,717	5,717
Amount due from subsidiary companies		5,007	5,007
Cash and bank balances		2,225	2,225
Total financial assets		12,949	12,949
Financial liabilities			
Loans and borrowings	17	86,509	86,509
Trade and other payables	19	5,107	5,107
Amount due to subsidiary companies		41,998	41,998
Total financial liabilities		133,614	133,614

32. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

The following table analyses the financial assets and liabilities of the Group and the Company in the statements of financial position as at 31 March 2019 by the class of financial instrument to which they are assigned: (continued)

	Note	Carrying amount RM'000	L&R RM'000	FL RM'000
Company				
2018				
Financial assets				
Trade and other receivables *	13	8,019	8,019	-
Amount due from subsidiary companies		259,586	259,586	-
Cash and bank balances		2,207	2,207	-
Total financial assets		269,812	269,812	-
Financial liabilities				
Loans and borrowings	17	93,874	-	93,874
Trade and other payables	19	1,204	-	1,204
Amount due to subsidiary companies		45,864	-	45,864
Total financial liabilities		140,942	-	140,942

** Exclude prepayment*

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies

The Group and the Company are mainly exposed to credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk). The Group and the Company have formal risk management policies and guidelines, as approved by the Board of Directors, which set out its overall business strategies, its tolerance for risks and its general risk management philosophy. Such policies are monitored and undertaken by the management.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned 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 and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers and deposits placed with licensed banks.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and the Company's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk other than disclosed in the notes.

The Group and the Company do not hold any collateral and thus, the credit exposure is continuously monitored by the directors.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables, loans and borrowings.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met on timely basis. In addition, the Group and the Company undertake a private placement to maintain sufficient level of cash and available financing facilities at a reasonable level to its overall debt position to meet their working capital requirement.

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Liquidity risk (continued)

Maturity analysis

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

		Contractual cash flows			
Financial liabilities	**Carrying amounts RM'000**	**On demand Within 1 year RM'000**	**1 to 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**
Group					
31.3.2019					
Trade and other payables	25,391	25,391	-	-	25,391
Term loans	65,301	21,610	53,845		75,455
Bank overdraft	23,196	23,196	-	-	23,196
Revolving credit	13,000	13,000	-	-	13,000
Finance lease liabilities	279	97	193		290
	127,167	83,294	54,038	-	137,332
Group					
31.3.2018					
Trade and other payables	12,049	12,049	-	-	12,049
Term loans	73,768	16,590	72,111	-	88,701
Bank overdraft	23,608	23,608	-	-	23,608
Revolving credit	13,500	13,500	-	-	13,500
Finance lease liabilities	247	151	96	-	247
	123,172	65,898	72,207	-	138,105

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Liquidity risk (continued)

Maturity analysis (continued)

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

Financial liabilities	Carrying amounts RM'000	← Contractual cash flows → On demand or within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Company					
2019					
Trade and other payables	5,107	5,107	-	-	5,107
Term loans	64,486	13,906	60,946		74,852
Bank overdraft	11,988	11,988	-	-	11,988
Revolving credit	10,000	10,000	-	-	10,000
Finance lease liabilities	35	31	8	-	39
Amount due to subsidiary companies	41,998	23,174	23,530	-	46,704
Financial guarantees	-	19,054	-	-	19,054
	133,614	83,260	84,484	-	167,744
2018					
Trade and other payables	1,204	1,204	-	-	1,204
Term loans	88,418	16,307	72,111	-	88,418
Bank overdraft	10,231	10,231	-	-	10,231
Revolving credit	10,000	10,000	-	-	10,000
Finance lease liabilities	176	96	80	-	176
Amount due to subsidiary companies	45,864	45,864	-	-	45,864
Financial guarantees	-	24,433	-	-	24,433
	155,893	108,135	72,191	-	180,326

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly Singapore Dollar ("SGD"), Hong Kong Dollar ("HKD"), Australian Dollar ("AUD") and United States Dollar ("USD").

The Group and the Company ensure that the net exposure to this risk is kept to an acceptable level. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweighs the potential risk of exchange rate fluctuations.

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entitles) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
	SDG	HKD	AUD	USD
	RM'000	RM'000	RM'000	RM'000
Group				
31.3.2019				
Trade and other receivables	600	2,786	296	-
Fixed and fixed deposits	-	3,688	-	37
Cash and bank balances	47	246	4	-
Trade payables and other payables	(550)	(3,363)	(134)	-
Bank overdraft	-	(1,660)	-	-
31.3.2018				
Trade and other receivables	1,463	5,439	91	-
Fixed and fixed deposits	435	6,024	-	195
Cash and bank balances	785	480	4	-
Trade payables and other payables	(2,766)	(6,604)	(238)	-
Bank overdraft	-	(3,839)	-	-

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Foreign currency risk (continued)

Currency risk sensitivity analysis
A 10% strengthening of Ringgit Malaysia against the following foreign currencies at the end of the reporting period would increase total comprehensive loss by the amounts shown below. This analysis assumes that all other variables remain unchanged.

Group	SGD RM'000	HKD RM'000	AUD RM'000	USD RM'000	Total RM'000
31.3.2019					
Total comprehensive income	10	-	170	17	196
31.3.2018					
Total comprehensive income/(loss)	8	(150)	14	(20)	(148)

(iii) Interest rate risk

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

The Group and the Company obtain financing through leasing arrangement, bank borrowings and other financial liabilities. The Group's and the Company's policy is to obtain the borrowings with the most favourable interest rates in the market.

The Group and the Company constantly monitor its interest rate risk and do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes. At the end of the reporting period, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

Sensitivity analysis for interest rate risk

A change of 100 basis point in interest rates at the reporting date would result in the profit or loss before tax to be higher/(lower) by the amounts shown below. The analysis assumes that all other variables remain constant.

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
100 basis points increase				
Floating rate financial liabilities	928	989	775	817
100 basis points decrease				
Floating rate financial liabilities	(928)	(989)	(775)	(817)

32. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	2019 RM'000	2018 RM'000
Group		
Financial assets		
Other investments	324	332
Trade and other receivables *	14,509	23,856
Fixed deposits with licensed banks	4,168	7,154
Cash and bank balances	3,490	4,660
	22,491	36,002
Financial liabilities		
Trade and other payables	25,391	22,009
Term loan	65,301	73,768
Bank overdraft	23,196	23,608
Revolving credit	13,000	13,500
Finance lease liabilities	279	211
	127,167	133,096

** Exclude prepayments*

32. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value (continued)

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (continued)

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (continued):

	2019 RM'000	2018 RM'000
Company		
Financial assets		
Trade and other receivables *	5,717	8,019
Amount owing by subsidiary companies	5,007	259,586
Cash and bank balances	2,225	2,207
	12,949	269,812
Financial liabilities		
Trade and other payables	5,107	1,204
Term loans	64,486	73,486
Bank overdraft	11,988	10,231
Amount due to subsidiary companies	41,998	45,864
Revolving credit	10,000	10,000
Finance lease liabilities	35	157
	133,614	140,942

** Exclude prepayments*

The carrying amount of these financial assets and liabilities is reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(d) Fair value hierarchy

The following are classes of financial instruments that are carried at fair value, by valuation method. The different levels have been defined as follows:

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
31.3.2019					
Financial asset					
Other investments	10	324	-	-	324

32. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy (continued)

The following are classes of financial instruments that are carried at fair value, by valuation method. The different levels have been defined as follows (continued):

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
31.3.2018					
Financial asset					
Other investments	10	332	-	-	332

The fair value of quoted investments is estimated based on their quoted market prices as at the end of the reporting period.

Transfer between levels of fair values hierarchy

There is no transfer between levels of fair values hierarchy during the financial year.

The table below analyses non-financial asset that not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statements of financial position.

		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
Group						
31.3.2019						
Non-financial asset						
Investment properties	6	-	-	2,891	2,891	2,891
31.3.2018						
Non-financial asset						
Investment properties	6	-	-	3,363	3,363	3,474

Policy on transfer between levels

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

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

32. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy (continued)

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

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

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Specific valuation technique used to value financial instruments include:
(i) Quoted market price
(ii) Assumptions by the directors by referring to location and condition of the assets

33. COMPARATIVE FIGURES

(a) Revaluation of land and buildings

The property, plant and equipment of the Group are carried at cost except for land and buildings. The revaluation of land and buildings gives rise to a deferred tax liability. The measurement of deferred tax liabilities shall be based the Group's expectation to recover the carrying amount of the land and buildings. The Group does not intend to dispose off the land and buildings, its deferred tax effect will be crystallised through usage of the asset. As a result, the deferred tax liabilities associated with the revalued carrying amount shall be measured based on income tax rate. The Group has applied other tax rate for deferred tax for revalued land and building in the previous financial year. Accordingly, comparative figures have been adjusted to conform with the current year's presentation.

(b) Capitalisation of borrowing cost

The borrowing costs directly attributable to the acquisition, construction or production of qualifying assets shall be capitalised as part of the cost of the asset. The Group had capitalised the borrowing cost to the land held for future development in the previous financial year. According, the Group has reassessed and adjusted the interest capitalised for undeveloped project during the financial year.

33. COMPARATIVE FIGURES (CONTINUED)

(c) Depreciation of property, plant and equipment

Property, plant and equipment which has determinable useful life and is subject to depreciation. In previous financial years, the Group under-recognised the depreciation of the buildings. As a result, the Group has adjusted the depreciation for the buildings during the financial year.

(d) Foreign currency translation

Exchange differences arising on translation of financial statements of foreign operation shall be recognised in other comprehensive income. Any goodwill arising on the acquisition of a foreign operation shall be treated as asset and liabilities of the foreign operation and shall be expressed in the functional currency of that foreign operation and shall be translated at the closing rate. The Group under-recognised the exchange differences arising from their foreign operation and has adjusted the translation difference during the financial year.

Effect of the adjustments are as follows:

Statements of Financial Position

	Carrying amount previously reported RM'000	Adjustments RM'000	Restated carrying amount RM'000 (Restated)
At 1 April 2017			
Group			
Assets			
Property, plant and equipment	236,700	(306)	236,394
Inventories	129,708	(14,039)	115,669
Goodwill arising on consolidation	21,266	3,562	24,828
Liabilities			
Deferred tax liabilities	6,255	28,069	34,324
Equity			
Foreign currency translation reserve	2,688	7,473	10,161
Revaluation reserve	108,634	(22,036)	86,598
Accumulated losses	(14,964)	(24,458)	(39,422)
Non-controlling interest	6,004	169	6,173

33. COMPARATIVE FIGURES (CONTINUED)

Effect of the adjustment is as follows: (continued)

Statements of Financial Position (continued)

	Carrying amount previously reported RM'000	Adjustments RM'000	Restated carrying amount RM'000 (Restated)
At 31 March 2018			
Group			
Assets			
Property, plant and equipment	227,972	(315)	227,657
Inventories	130,718	(17,142)	113,576
Goodwill arising on consolidation	20,780	2,093	22,873
Liabilities			
Deferred tax liabilities	4,570	28,824	33,394
Equity			
Foreign currency translation reserve	(675)	8,202	7,527
Revaluation reserve	108,634	(22,036)	86,598
Accumulated losses	(25,805)	(30,536)	(56,341)
Non-controlling interest	5,696	182	5,878

Statements of Comprehensive Income

Financial year ended 31 March 2018	Previously reported RM'000	Adjustments RM'000	Restated carrying amount RM'000 (Restated)
Group			
Administrative expenses	(51,857)	(5,310)	(57,167)
Finance costs	(7,670)	-	(7,670)
Income tax	(479)	(755)	(1,234)
Loss for the financial year	(11,149)	(6,065)	(17,214)
Loss attributable to:			
Owners of the Company	(10,841)	6,078	(16,919)
Non- controlling interest	(308)	(13)	(295)
Losses per ordinary share attributable to Owners of the Company (sen)			
- Basic	(1.26)		(1.97)

33. COMPARATIVE FIGURES (CONTINUED)

Effect of the adjustment is as follows: (continued)

Statements of Cash Flows

The adjustments did not have any impact on the Group's and the Company's net operating, investing and financing cash flows.

The comparative figures have been audited by another firm of chartered accountants other than Messrs Baker Tilly Monteiro Heng PLT.

34. CAPITAL MANAGEMENT

The Group's primary objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain and or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or reduce borrowings.

There were no changes made on the capital management objectives, policies and processes of the Group during the financial year.

The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total interest bearing financial liabilities less cash and cash equivalents. Total capital refers to equity attributable to the owners of the Company.

	Group		Company	
	31.3.2019 RM'000	31.3.2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Loans and borrowings	101,776	111,087	86,509	93,874
Less: Cash and cash equivalents (excluding bank overdraft)	(3,490)	(4,660)	(2,225)	(2,207)
Net debt	**98,286**	**106,427**	**84,284**	**91,667**
Total equity	220,719	239,532	104,519	167,417
Total capital	220,719	345,959	104,519	259,084
Gearing ratio (%)	45	31	81	35

35. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

(a) On 30 April 2019, Avillion Hotels International Sdn Bhd ("AHI"), a wholly owned subsidiary of the Company, had entered into an Hotel Management Agreement (HMA) with R&R Sky Group Sdn Bhd ("R&R Sky") in which AHI is to be given a fixed 10 years lease to operate and manage a new hotel. AHI will operate and provide direct day-to-day management and operations of the hotel once it opens.

(b) On 5 July 2019, Bursa Malaysia Securities Berhad had approved the listing and quotation of up to 85,855,175 new shares to be issued pursuant to the Proposed Placement, on the Main Market of Bursa Securities subject to the following conditions:

i) Avillion and RHB Investment Bank must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Placement;
ii) Avillion to inform Bursa Securities upon the completion of the Proposed Placement;
iii) RHB Investment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Placement is completed; and
iv) if relevant, Avillion to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at the forthcoming AGM for the authority to issue Avillion Shares pursuant to the Act before the listing of the Placement Shares.

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

We, **TAN SRI DATO' SRI DR. SAMSUDIN BIN HITAM** and **SEE AH SING**, being two of the directors of **Avillion Berhad**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 45 to 150 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and of its financial performance and cash flows of the Group and of the Company for the financial year then ended.

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

…………………………………………………………..
TAN SRI DATO' SRI DR. SAMSUDIN BIN HITAM
Director

…………………………………………………………..
SEE AH SING
Director

Kuala Lumpur

Date: 22 July 2019

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

I, **CHONG SET FUI**, being the officer primarily responsible for the financial management of **Avillion Berhad**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 45 to 150 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

…………………………………..
CHONG SET FUI
(MIA membership no: 10921)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 22 July 2019.

Before me,

…………………………………..
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AVILLION BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Avillion Berhad, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 45 to 150.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and of their financial performance and 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 are independent of the Group and of the Company in accordance with the By-Laws (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have determined the matters below to be the key audit matters to be communicated in our report.

Group

Goodwill (Note 7 to the financial statements)

The goodwill was arising from the acquisition of subsidiaries. The recoverable amount of the goodwill was determined based on its value in use ("VIU"). The goodwill is tested for impairment annually. The Group had made an impairment loss of RM23.37 million in relation to goodwill during the financial year. We focused on this area because this assessment requires significant judgements by the directors on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin.

Our response:

Our audit procedures focus on evaluating the cash flow projections and the Group's projection procedures which included, among others:

- understanding the methodology adopted by the Group in accordance to the requirements of MFRS 136 *Impairment of Assets*;
- comparing the actual results with cash flow projections to assess the performance of the business and reliability of forecasting process; and
- testing the mathematical accuracy of the impairment assessment.

Key Audit Matters (Continued)

Group (Continued)

Funding requirements and ability to meet short term obligations

The Group has continued to adopt the going concern basis in preparing the financial statements after having prepared a cash flow forecast supporting the assertion that the Group will have sufficient resources to continue for a period of at least 12 months from the end of the financial year.

The Group's assessment on its ability to continue as a going concern was an area of focus as the assessment requires the exercise of significant judgement by the Group on assumptions supporting the cash flow forecast, including the revenue and profit margin, and these are fundamental to the appropriateness of the going concern basis which was adopted for the preparation of the financial statements.

Our audit response:

Our audit procedures included, among others:

- obtaining the cash flow forecast over the next 12 months;
- comparing the Group's assumptions in the cash flow forecast to our understanding obtained during our audit in relation to key assumptions;
- agreeing sources of financing and uses of funds to relevant supporting documents; and
- testing the mathematical accuracy of the cash flow forecast calculation.

Property, plant and equipment (Note 5 to the financial statements)

Freehold land, leasehold land and buildings included in property, plant and equipment are carried at fair value. The Group has appointed independent professional valuers to perform valuations of such land and buildings. We focused on this area because the valuation requires judgement in determining the appropriate valuation method and the key assumptions used in the valuation.

Our audit response:

Our audit procedures included, among others:

- assessing the objectivity, reputation, competence, independence and integrity of the external valuers;
- obtaining the external valuation reports and discussed with the external valuers about the results of their work; and
- understanding the methodologies used by the external valuer to estimate market values.

Key Audit Matters (Continued)

Group (Continued)

Revenue and corresponding costs recognition for property development activities (Note 21 and Note 22 to the financial statements)

The amount of revenue and corresponding costs of the Group's property development activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of construction costs incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend of the outcome of future events.

Our audit response:

Our audit procedures on a sample of major projects included, among others:

- reading the terms and conditions of agreements with customers to determine that revenue recognition is consistent with the requirements of MFRS 15 Revenue from Contracts with Customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards complete satisfaction of performance obligation;
- comparing the reasonableness of computed progress towards complete satisfaction of performance obligation for identified projects against architect or consultant certificate; and
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year.

Inventories (Note 12 to the financial statements)

The Group and the Company have significant balances of completed properties and properties held for development as at 31 March 2019. We focused on this area because the assessment of the net realisable value of these completed properties and properties held for development requires the application of significant judgements made by the directors.

Our audit response:

Our audit procedures included, among others:
- understanding the assumption used by the directors in determining the value of properties held for development;
- comparing the recent transacted prices of comparable completed properties. We focused our evaluation on those completed properties that are slow moving; and
- sighting the selected land titles to ascertain the ownership of the completed properties and properties held for development.

Key Audit Matters (Continued)

Company

Investment in subsidiaries (Note 9 to the financial statements)

The Company has significant balance of investment subsidiaries. At the end of the financial year, the Company determined whether there is any indication of impairment of investment in subsidiaries.

We focused on this area because the directors' assessment of the recoverable amount involved significant judgement. The recoverable amount of investment in the subsidiaries determined based on value-in-use which includes the discount rate applied in the recoverable amount calculation and the assumption supporting the underlying cash flow projections which include future sales, gross profit margin and operating expenses.

Our response:

Our audit procedures on a sample of major projects included, among others:

- comparing the Company's assumptions to our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections; and
- testing the mathematical accuracy of the impairment assessment.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matters

1) The financial statements of the Group and of the Company for the financial year ended 31 March 2018 were audited by another firm of chartered accountants whose report dated 13 July 2018 expressed an unmodified opinion on those financial statements.

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

Baker Tilly Monteiro Heng PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Ong Teng Yan
No. 03076/07/2021 J
Chartered Accountant

Kuala Lumpur

Date: 22 July 2019

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting of **AVILLION BERHAD** will be held at the Pelita Ballroom, Level 4, Avillion Port Dickson, 3rd Mile, Jalan Pantai, 71000 Port Dickson, Negeri Sembilan on Wednesday, 11 September 2019 at 11.00 a.m. for the purpose of transacting the following businesses:-

Agenda

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Directors' and Auditors' Report thereon. (Explanatory Note 1)

2. To re-elect Mr. Onn Kien Hoe who retires pursuant to the Article 91 of the Company's Article of Association and being eligible, has offered himself for re-election. (Resolution 1) (Explanatory Note 2)

3. To re-elect the following directors who retire pursuant to the Article 98 of the Company's Article and being eligible, have offered themselves for re-election :-

   a) Datuk Roslan Bin Abdul Rahman (Resolution 2)
   b) Puan Norizan Binti Idris (Resolution 3)
   c) Mr. See Ah Sing (Resolution 4) (Explanatory Note 3)

4. To approve the payment of Directors' fees and other emoluments of RM 206,411.00 for the financial year ended 31 March 2019. (Resolution 5) (Explanatory Note 4)

5. To approve the payment of Directors' fees and benefits to Non-Executive Directors up to an amount not exceeding RM 310,000.00 from 1 April 2019 until the next Annual General Meeting. (Resolution 6) (Explanatory Note 4)

6. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorize the Directors to fix their remuneration. (Resolution 7)

As Special Business

To consider and, if thought fit, to pass the following resolution:-

7. Authority to Allot and Issue Shares pursuant to Section 75 of the Companies Act 2016

   "That pursuant to Section 75 of the Companies Act 2016, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being, subject always to the approvals of all the relevant regulatory authorities." (Resolution 8) (Explanatory Note 5)

8. **Special Resolution**

   PROPOSED ADOPTION OF NEW CONSTITUTION

   "THAT approval be and is hereby given to revoke the existing constitution of the Company with immediate effect and in place thereof, the proposed new constitution of the Company be and is hereby adopted as the constitution of the Company. (Special Resolution 1) (Explanatory Note 6)

   AND THAT the directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

As Other Business

9. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 2016.

By Order of the Board

Wong Youn Kim
(MAICSA No. 7018778)
Company Secretary

Kuala Lumpur
Date: 31 July 2019

Notes

Information for Shareholders/Proxies

1. A member entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting.
2. A member may appoint not more than 2 proxies to attend the same meeting.
3. A proxy may but need not to be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend the Meeting shall have the same rights as the member to speak and vote at the Meeting. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The Form of Proxy must be signed by the appointer or by his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under hand of an officer or attorney duly authorised. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.
6. The Proxy Form must be deposited at the Registered Office of the Company at Unit 8E, Level 8, Wisma YPR, No. 1, Lorong Kapar, Off Jalan Syed Putra, 58000 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.
7. For the purpose of determining a member who shall be entitled to attend and vote at the 27th Annual General Meeting ("AGM"), the Company shall be requesting the Record of Depositors as at 5 September 2019. Only a depositor whose name appears on the Record of Depositors as at 5 September 2019 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy (ies) to attend and vote on his/her stead.

Explanatory Notes

1) **To receive and adopt the Audited Financial Statements**

Agenda item no. 1 is meant for discussion only as the provisions of Section 340(1)(a) of the Companies Act, 2016, does not require a formal approval of the shareholders and hence, is not put forward for voting.

2) **To re-elect Mr. Onn Kien Hoe who retires pursuant to the Article 91 of the Company's Article of Association and being eligible, has offered himself for re-election.**

Article 91 of the Company's Article of Association ("Constitution") provides that one-third (1/3) of the directors of the Company for the time being shall retire by rotation at an AGM of the Company. The Directors who are subject to retirement by rotation in accordance with Article 91 of the Company's Article of Association is Mr. Onn Kien Hoe.

The Board has conducted assessments on Directors on character, integrity, competence, and experience and time commitment in effectively discharging their respective roles as Directors of the Company. The individual Directors were assessed based on performance criteria set in the areas of Board dynamics and participation, competency and capability, independence and objectivity, probity and personal integrity, contribution and performance together with their ability to make analytical inquiries and offer advice and guidance. The Board agreed with NC's recommendation that the Directors who retire in accordance with Article 91 of the Company's Article of Association is eligible to stand for re-election. The retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the Board meeting.

3) **To re-elect the following directors who retire pursuant to the Article 98 of the Company's Article and being eligible, have offered themselves for re-election :-**

a) Datuk Roslan Bin Abdul Rahman
b) Puan Norizan Binti Idris
c) Mr. See Ah Sing

Article 98 of the Company's Article of Association provides amongst others, that the Board shall have the power to appoint any person to be a director to fill a casual vacancy or as an additional director to the existing Board, and that any director so appointed shall hold office until the next following AGM and shall then be eligible for re-election.

Accordingly Datuk Roslan Bin Abdul Rahman, the Independent Non-Executive Director who was appointed on 5 April 2019, shall hold office until the conclusion of the 27th AGM and shall then be eligible for re-election pursuant to Article 98 of the Company's Article of Association.

Accordingly Puan Norizan Binti Idris, the Independent Non-Executive Director who was appointed on 4 April 2019, shall hold office until the conclusion of the 27th AGM and shall then be eligible for re-election pursuant to Article 98 of the Company's Article of Association.

Accordingly Mr. See Ah Sing, the Executive Director who was appointed on 15 March 2019 and subsequent re-designated as Group Managing Director, shall hold office until the conclusion of the 27th AGM and shall then be eligible for re-election pursuant to Article 98 of the Company's Article of Association.

4) **Payment of Directors' fees and benefits to Non-Executive Directors**

Section 230(1) of the Companies Act, 2016 which came into effect on 31 January 2017, provides among others, that the fees of Directors and any benefits payable to Directors shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for the payment of Directors' fees and for benefits payable to Non-Executive Directors to be paid monthly in arrears after each month of completed service of the Directors.

5) **Authority to Allot and Issue Shares pursuant to Section 75 of the Companies Act, 2016**

The proposed resolution 8, if passed will give the Directors of the Company authority to issue and allot shares as the Directors in their discretion consider to be in the best interest of the Company, without having to convene a general meeting as it would be both time-consuming and costly to organise a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The renewal of this general mandate 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), acquisitions, working capital and/or settlement of bank facilities.

6) **ADOPTION OF NEW CONSTITUTION**

The Special Resolution, if passed, will align the Constitution of the Company with the Companies Act 2016 ("CA 2016") which came into force on 31 January 2017, the updated provisions of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and the prevailing statutory and regulatory requirements as well as to provide clarity and consistency with the amendments that arise from the CA 2016 and MMLR.

The details are set out in Appendix "A" of the Company's 2019 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The Directors who are seeking re-election and/or continuing in office as Independent Non-Executive Director and Group Managing Director at the 27th Annual General Meeting of the Company are :-

(a) Mr. Onn Kien Hoe (Article 91)
(b) Datuk Roslan Bin Abdul Rahman (Article 98)
(c) Puan Norizan Binti Idris (Article 98)
(d) Mr See Ah Sing (Article 98)

The Profile of the Directors seeking for re-election are set out in the Company's 2019 Annual Report.

The details of the Directors' interest in the securities of the Company are set out in the Company's 2019 Annual Report.

LIST OF TOP 10 PROPERTIES BY VALUE
AS AT 31 MARCH 2019

No	Location	Description/ Existing Use	Tenure	Age of Building	Land Area (sq. ft.)	Net Book Value (RM'000)	Revaluation Date/ Date of Acquisition
	Avillion Hotel, Port Dickson						
1.	C.T. 5972, Lot 1273, 3rd Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan	consists of hotel, water villas, water chalets, meeting rooms, spa, F&B outlets and other facilities	Freehold	21 years	15,507	155,297	07.05.2019
2.	H.S.(D) 12303, 15353 and 18191, 3rd Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.		Leasehold (99 years expiry -2095)	20 years	480,505		
3.	C.T. 2977, Lot 312, 3rd Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan	Car Parks	Freehold		124,431		
	Admiral Cove, Port Dickson						
1.	H.S.(D) 13643 and 19662, 5th Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Admiral Cove Premier Integrated Marina Resort	Leasehold (99 years expiry-2094)	20 years	969,372	66,840	07.05.2019
2.	H.S.(D) 18699 PT 3413, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Land for development	Leasehold (99 years expiry-2096)	-	1,077,272	9,657	18.05.2004
3.	H.S.(D) 18698 PT 3412, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Land for development	Leasehold (99 years expiry-2096)	-	226,442	4,469	18.05.2004
4.	H.S.(D) 24667 PT 215, 5th Mile, Mukim Pekan, Teluk Kemang, Daerah Port Dickson, Negeri Sembilan	Land for development	Leasehold (99 years expiry-2102)	-	475,349	8,406	06.06.2002
	Port Dickson						
1.	Lot 307 Geran 52795 Mukim Si Rusa Daerah Port Dickson Negeri Sembilan	Land for development	Freehold	-	145,657	9,347	02.07.2013
2.	Lot 43 & 44 Geran 76526 & 64282 Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Land for development	Freehold	-	41,246	2,312	28.06.2017
3.	Lot 5823 Geeran 239972 Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Land for development (currently used as event venue)	Freehold	-	40,300	2,314	24.08.2007

List of Top 10 Properties by Value (Cont'd)
As At 31 March 2019

No	Location	Description/ Existing Use	Tenure	Age of Building	Land Area (sq. ft.)	Net Book Value (RM'000)	Revaluation Date/ Date of Acquisition
	Kuala Lumpur						
1a	Geran Mukim 815, No. Lot 2694, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL	Land for development	Freehold	-	68,028		
1b	Geran Mukim 816, No. Lot 2695, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL.	Land for development	Freehold	-	61,247		
1c.	Geran Mukim 814, No. Lot 2696, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL.	Land for development	Freehold	-	66,736	17,331	31.01.2011
1d	Geran Mukim 817, No. Lot 2697, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL.	Land for development	Freehold	-	65,337		
1e	Geran Mukim 818, No. Lot 2698, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL.	Land for development	Freehold	-	63,938		
	Langkawi						
1	H.S.(D) 1/96, P.T. No 703, Mukim Kedawang, District of Langkawi, Kedah	Land for development	Freehold	-	478,025	17,584	27.10.2010

ANALYSIS OF SHAREHOLDINGS
AS AT 28 JUNE 2019

Issued Share Capital	:	RM200,551,062
Total Number of Issued Shares	:	858,551,750 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	one vote per ordinary share held

Size of Shareholdings	No. of Shareholders	No. of Shares held	% of Issued Capital
Less than 100	505	13,643	0.00
100 to 1,000	412	142,841	0.02
1,001 to 10,000	805	4,699,866	0.54
10,001 to 100,000	861	26,292,030	3.06
100,001 to 42,927,586	125	377,649,117	43.99
42,927,586 and above	3	449,754,253	52.39
Total	**2,711**	**858,551,750**	**100.00**

REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Indirect Interest	
No.	Name of Shareholders	No. of Shares held	% of Issued Capital	No. of Shares held	% of Issued Capital
1.	Mazmur Capital Sdn Bhd	248,178,113	28.91	-	-
2.	Ibu Kota Developments Sdn Bhd	247,297,590	28.80	-	-
3.	Daza Holdings Sdn Bhd	-	-	247,297,590*	28.80
4.	Datuk Md Wira Dani Bin Abdul Daim	-	-	247,297,590**	28.80
5	YAB Toh Puan Mahani Binti Idris	-	-	247,297,590**	28.80
6.	See Ah Sing	-	-	248,178,113***	28.91
7.	Hedy Gan See Tong	-	-	248,178,113***	28.91

* *Deemed interested by virtue of direct interest in Ibu Kota Developments Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

** *Deemed interested by virtue of their interest in Daza Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

*** *Deemed interested by virtue of his and his spouse Hedy Gan See Tong's interest in Mazmur Capital Sdn Bhd pursuant to Section 8 of the Companies Act, 2016*

DIRECTOR'S SHAREHOLDINGS

	Direct Interest		Indirect Interest	
	No. of Shares	% of Issued Capital	No. of Shares held	% of Issued Capital
Tan Sri Dato' Sri Dr. Samsudin Bin Hitam	-	-	-	-
Datuk Roslan Bin Abdul Rahman	-	-	-	-
Onn Kien Hoe	-	-	-	-
See Ah Sing	-	-	248,178,113	28.91
Puan Norizan Binti Idris	-	-	-	-

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares held	% of Issued Capital
1.	Ibu Kota Developments Sdn Bhd	227,276,140	26.47
2.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Mazmur Capital Sdn Bhd (PB)	134,400,263	15.65
3.	Mazmur Capital Sdn Bhd	88,077,850	10.26
4.	HSBC Nominees (Asing) Sdn Bhd - Exempt An For Bank Julius Baer & Co. LTD (Singapore BCH)	42,809,520	4.99
5.	Yayasan Pok Rafeah, Berdaftar	41,649,900	4.85
6.	Dream Cruiser Sdn Bhd	33,850,500	3.94
7.	HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for EFG Private Bank (Channel Islands) Limited	28,257,187	3.29
8.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB Bank for Mazmur Capital Sdn Bhd (PBCL-0G0354)	25,700,000	2.99
9.	Gigantic Promotions Sdn Bhd	23,707,125	2.76
10.	Prestige Avenue (M) Sdn Bhd	20,370,670	2.37
11.	Ibu Kota Developments Sdn Bhd	20,021,450	2.33
12.	Gigantic Promotions Sdn Bhd	18,500,000	2.15
13.	AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account - Ambank (M) Berhad for Prestige Avenue (M) Sdn Bhd (SMART)	15,000,000	1.75
14.	Landbelt Corporation Sdn Bhd	13,111,400	1.53
15.	JS Nominees (Tempatan) Sdn Bhd CIMB Bank for Sulaiman Abdul Rahman B Abdul Taib (MY 3098)	12,584,500	1.47
16.	Gan Eng Kiew @ Gan Eng Kien	8,386,300	0.98
17.	Maybank Securities Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Sulaiman Abdul Rahman B Abdul Taib (Margin)	8,280,100	0.96
18.	AMSEC Nominees (Tempatan) Sdn Bhd -Pledged Securities Account-Ambank (M) Berhad for Yong Yoke Leng(SMART)	6,343,500	0.74

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares held	% of Issued Capital
19.	Gan Eng Sin	5,318,100	0.62
20.	M-Ocean Holdings Sdn Bhd	5,147,915	0.60
21.	RHB Capital Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Reliance Holdings Sdn Bhd	5,063,000	0.59
22.	AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account – Ambank (M) Berhad for Reliance Holdings Sdn Bhd (A/C1)	5,000,000	0.58
23.	AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account – Ambank (M) Berhad For Chong Yen Yin (SMART)	4,128,000	0.48
24.	RHB Nominees (Tempatan) Sdn Bhd -Pledged Securities Account For Rahman B Abdul Taib	3,455,000	0.40
25.	Andron Ung Han Wenn	3,000,000	0.35
26.	Ong Boon Cheow	2,000,000	0.23
27.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Sin Chong (CEB)	1,500,000	0.17
28.	Landbelt Corporation Sdn Bhd	1,272,100	0.15
29.	Alliancegroup Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Ong Siew Eng @ Ong Chai (8040800)	855,600	0.10
30.	Philip A/L K.O. Kunjappy	690,000	0.08
	Total	**805,756,120**	**93.83**

AVILLION BERHAD(244521-A)
(Formerly Known As RELIANCE PACIFIC BERHAD)

PROXY FORM

27th Annual General Meeting

CDS Account No.	
No. of Shares Held	

I/We ____ NRIC No: __________________
(Name in Block Letters)

of ____
____
(Full Address)

being (a) member (s) of **AVILLION BERHAD, HEREBY APPOINT:**

i) Name of Proxy: __________________________________ NRIC No: __________________

Address: ____
____ No. of shares Represented: ____________

ii) Name of Proxy: __________________________________ NRIC No: __________________

Address: ____
____ No. of shares Represented: ____________

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the 27th Annual General Meeting of the Company to be held at the Pelita Ballroom, Level 4, Avillion Port Dickson, 3rd Mile, Jalan Pantai, 71000 Port Dickson, Negeri Sembilan on Wednesday, 11 September 2019 at 11.00 a.m. and at any adjournment thereof.

Please indicate your voting instructions with an "X" in the appropriate space. If no specific direction as to voting is given, the proxy will vote or abstain from voting on the resolution at his/her discretion.

No.	Ordinary Resolutions	For	Against
1.	To re-elect Mr. Onn Kien Hoe who retires pursuant to the Article 91 of the Company's Article of Association and being eligible, has offered himself for re-election.		
2.	To re-elect Datuk Roslan Bin Abdul Rahman who retires pursuant to the Article 98 of the Company's Article of Association and being eligible, has offered himself for re-election.		
3.	To re-elect Puan Norizan Binti Idris who retires pursuant to the Article 98 of the Company's Article of Association and being eligible, has offered himself for re-election.		
4.	To re-elect Mr. See Ah Sing who retires pursuant to the Article 98 of the Company's Article of Association and being eligible, has offered himself for re-election.		
5.	To approve the payment of Directors' fees and Other Emoluments of RM 206,411.00 for the financial year ended 31 March 2019		
6.	To approve the payment of Directors' fees and benefits to Non-Executive Directors up to an amount not exceeding RM 310,000.00 from 1 April 2019 until the next Annual General Meeting.		
7.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorize the Directors to fix their remuneration		
8.	Authority to allot and issue of shares pursuant to Section 75 of the Companies' Act, 2016		
No.	**Special Resolution**		
1.	Proposed Adoption Of New Constitution		

____
Signature of Shareholder or Common Seal

Dated this _______day of _________ 2019

NOTES:-

1. A member entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting.
2. A member may appoint not more than 2 proxies to attend the same meeting.
3. A proxy may but need not to be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend the Meeting shall have the same rights as the member to speak and vote at the Meeting. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple. beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The Form of Proxy must be signed by the appointer or by his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under hand of an officer or attorney duly authorised. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.
6. The Proxy Form must be deposited at the Registered Office of the Company at Unit 8E, Level 8, Wisma YPR, No. 1, Lorong Kapar, Off Jalan Syed Putra, 58000 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.
7. For the purpose of determining a member who shall be entitled to attend and vote at the 27th Annual General Meeting ("AGM"), the Company shall be requesting the Record of Depositors as at 5 September 2019. Only a depositor whose name appears on the Record of Depositors as at 5 September 2019 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.

Fold This Flap For Sealing

Then fold here

AFFIX
STAMP

AVILLION BERHAD
(Company No. 244521-A)

Unit 8E, Level 8, Wisma YPR
No. 1, Lorang Kapar, Off Jalan Syed Putra
58000 Kuala Lumpur, Malaysia

1st fold here

AVILLION
BERHAD

Avillion Berhad
8th Floor, Wisma YPR, Lorong Kapar,
Off Jalan Syed Putra,
58000, Kuala Lumpur, Malaysia.