2021 ANNUAL REPORT

AVILLION
BERHAD

(Registration No. 199201013018 (244521-A))

VISION

To aspire for excellence, the highest quality and standards in the delivery of our products and services to every customer and become an employer of choice

MISSION

To drive profitability and achieve a healthy balance sheet thereby enhancing shareholders value

Foster best corporate governance, corporate social responsibility, human resources and employment practices

Inculcate a culture of best practices and standards in customer service and care amongst staff and enhancing value for money for all customers

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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)

See Ah Sing
(Group Managing Director)

Norizan Binti Idris
(Independent Non-Executive Director)

Onn Kien Hoe
(Independent Non-Executive Director)

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)

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)

MEMBERS OF REMUNERATION COMMITTEE

Datuk Roslan Bin Abdul Rahman
(Chairman, Independent Non-Executive Director)

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

Onn Kien Hoe
(Independent Non-Executive Director)

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
201906000600 (LLP0019411-LCA) & AF 0117
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.

PRINCIPAL BANKERS

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

AVILLION PORT DICKSON AWARDS

2019
International Hotel Awards 2019
Highly Commended Luxury Hotel Malaysia

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 2017-2018
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 2014/2015
Finalist - Best Spa Category

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

Hotel Club Awards 2010
Outstanding Beach Resort

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

AVILLION ADMIRAL COVE AWARD

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

AVI SPA AWARDS

2019
Haute Grandeur Global Excellence Awards 2019
Best Spa Design in Asia
Best Boutique Spa in Malaysia
Best Destination Spa in Malaysia

2018
Haute Grandeur Global Excellence Awards 2018
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 2016
Winner – Luxury Spa & Wellness Centre of Malaysia

World Luxury Spa Awards 2016
Finalist - Best Luxury Resort Spa

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

2015
World Luxury Spa Awards 2015
Winner - Best Luxury Resort Spa

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

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

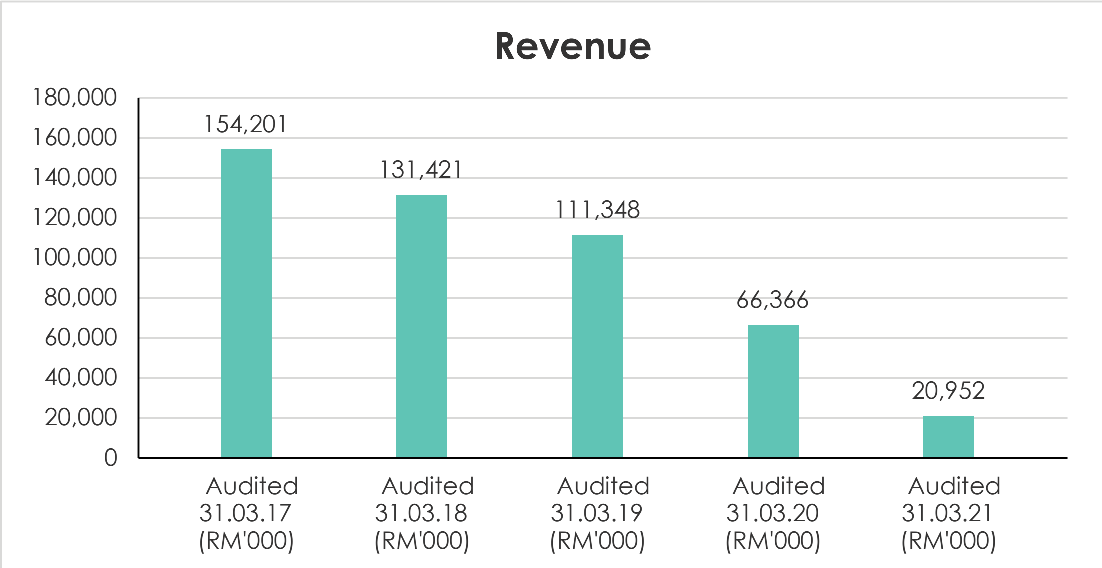
GROUP STRUCTURE
AS OF 31 MARCH 2021

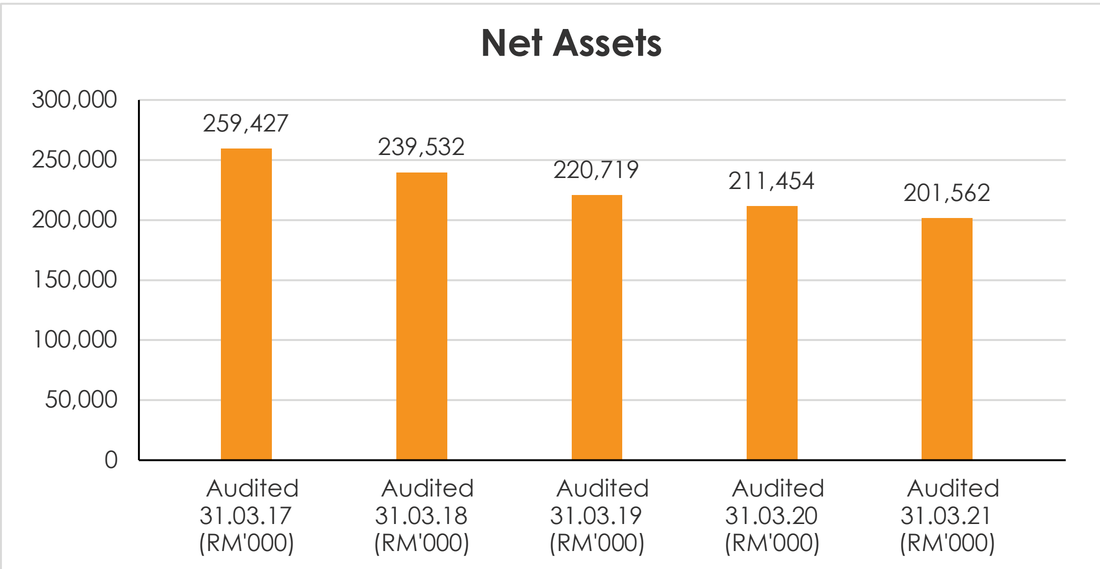
AVILLION BERHAD

- **Hotel Division**
  - Avillion Hotel Group Sdn Bhd
    - Avillion Hotels International Sdn Bhd
    - Avi Spa Sdn Bhd
    - Avillion Suite Hotel (PD) Sdn Bhd
    - Avillion Vista Hotel Sdn Bhd
    - PT Avillion Indonesia
  - Fortune Valley Sdn Bhd
- **Property Division**
  - RPB Development Sdn Bhd
    - Admiral Cove Development Sdn Bhd
      - Admiral Marina Berhad
      - ACD Project Management Services Sdn Bhd
      - Genius Field Sdn Bhd
    - Admiral Hill Hotel Sdn Bhd
    - Meridian Haven Sdn Bhd
      - Golden Envoy (M) Sdn Bhd
    - Mela Lifestyle Sdn Bhd
    - Culmen Sdn Bhd
    - Finesta Sdn Bhd
    - Nesline Sdn Bhd
      - Taman Unik Sdn Bhd
    - Festive Place Sdn Bhd
      - Vast Access Sdn Bhd
- **Travel Division**
  - RPB Holdings (Overseas) Ltd
    - Reliance Travel Agencies (S) Pte Ltd, Singapore
    - Vacation Singapore DMC Pte Ltd, Singapore
    - Reliance Travel (Hong Kong) Limited, Hong Kong
    - Vacation Asia (HK) Limited, Hong Kong
- **Support Companies**
  - RPB Capital Holdings Sdn Bhd
    - OS Resources Sdn Bhd
    - READ Advertising Sdn Bhd

GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS

	Audited 31.03.17 (RM'000)	Audited 31.03.18 (RM'000)	Audited 31.03.19 (RM'000)	Audited 31.03.20 (RM'000)	Audited 31.03.21 (RM'000)
Revenue	154,201	131,421	111,348	66,366	20,952
Net Assets	259,427	239,532	220,719	211,454	201,562





CHAIRMAN'S STATEMENT

It is with a sense of Deja-vu that I am writing this Chairman's statement. The prolonged COVID-19 pandemic worldwide has once again forced my hand in delivering a message of unprecedented effects, damage and impact on our business due to the COVID-19 pandemic. The Financial Year Ended 31 March 2021 (FYE 2021) – like the year before – was greatly impacted by the pandemic as the emergence of new wave after new wave of cases continued to grip countries worldwide. Internationally travel is still very much curtailed and despite the increasing numbers of vaccinations happening throughout the world, the emergence of new and more virulent variants of the virus, has meant that recovery has been painfully slow.

It is no surprise therefore, that the Group's performance overall was most negatively affected as the pandemic continued to drag on and on. Our revenue for the FYE 31st March 2021 saw a 68% drop as a result of poor performances in the 1st, 2nd and 4th quarters of the FYE 2021. The numbers would have been even worse if not for a brief spark in the 3rd quarter when travel restrictions were partially lifted for Malaysia.

Amidst a falling revenue environment from the 4th Quarter, the Management actively pursued a regime efficient cost management, human resource optimization and higher productivity. With the cost management and the lower impairment loss, the Group is able to narrow its losses before tax by more than 30% to RM15.60 million from RM22.52 million compared to the preceding year.

We continue to hope for better times to come, and indeed the high rate of vaccination in Malaysia and abroad, gives some encouragement that travel may pick up by the 3rd quarter of the next financial year. Despite this spark of hope, many challenges remain due to the start-stop nature of lockdowns and travel restrictions. The Management remains acutely aware that we need to use this time we have to ensure that we are prepared to ride on a recovery wave when it happens. This is elaborated further in the accompanying Management Discussion and Analysis.

The Board of Directors is pleased with the forward-thinking measures adopted by the Management and is confident they will bear fruit in the coming quarters for the Group. The Board of Directors will closely guide and supervise the Management to ensure that the trust and mandate of all shareholders are fully complied with.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR FINANCIAL YEAR ENDED (FYE) 31 MARCH 2021

BUSINESS OVERVIEW

For the period under review, the Group continued to focus on its principal business namely Hotel, Property and Travel.

It was our wish to present you with better news this year after the doom and gloom message of last financial year. However, as we are all so acutely aware, the COVID-19 pandemic hardly waned in the year under review and in fact, caused the 2nd, 3rd, and 4th waves the world over. Even as more of the earth's population was vaccinated, the emergence of new variants of the virus meant continued lockdowns and re-imposition of travel restrictions, not only in Malaysia but throughout the world.

After a very brief ray of hope that emerged in the 2nd quarter of the FYE 31 March 2021, following the country's transition into RMCO from MCO and CMCO, the light at the end of the tunnel was snuffed out as quickly as COVID-19 cases increased and MCO2.0 was reimposed from October 2020. Despite the lifting of the inter-state travel ban for a brief period from December 2020 to January 2021, its reimposition together with the declaration of MCO for the whole country brought any hope of a recovery to a grinding halt.

As a Group heavily invested in the services and hospitality industry, the challenges we faced in the year under review were tremendous and nearly crippling. Our dependence on the ability and freedom of people to travel – both locally and internationally – meant we continued to face steep challenges as travel restrictions remained in place.

Because of the challenges we faced, the Group continued to explore new revenue streams and business opportunities where possible. The Group must also be poised for a reset and be ready to capture a bigger slice of the market share as we prepare for a post-COVID opening. Despite the increasing number of cases, the fast rate of vaccination in the country offers us a glimmer of hope that a recovery could happen in the 4th quarter of 2021. We must be agile and ensure that all the necessary steps and measures have been put in place that will assure our customers a worry-free and COVID-free vacation.

REVIEW OF FINANCIAL PERFORMANCE

Our revenue for the FYE 31 March 2021 saw a 68% drop from the previous corresponding period for the myriad of reasons explained above.

The sector which saw the biggest drop in revenue was the Travel sector with a 97% drop, while the Property and Hotel sectors saw drops of over 58%. As a result, the Group suffered an operating loss of RM0.38 million compared to an operating gain of RM6.68 million in FYE 31 March 2020. Over-all however, the Group's loss before taxation narrowed by 31% to RM15.60 million from RM22.52 million in the previous financial year.

SEGMENTAL BUSINESS REVIEW

Hotel Division

The Hotel Division registered a total Revenue of RM14.77 million against RM34.75 million in the previous financial year mainly due to the imposition of inter-district and inter-state travel for most of the year under review. As a result, loss before tax widened by 25% to RM6.32 million compared to RM5.05 million in the preceding year. Earnings before depreciation, tax and impairment of asset remained positive at RM1.74 million despite the pandemic as one of our hotels was used briefly as a COVID-19 quarantine center.

Property Division

The Property Division recorded a revenue of RM5.7million compared to RM14.52 million for FYE 31 March 2020. The main revenue stream was from Admiral Marina and Leisure Club and sale of residential houses in our Desa Impian township in Bandar Tenggara. As a result of a lower turnover, the sector slid back and registered a loss before tax of RM3.12 million compared to a loss of RM0.95 million in the preceding year.

Travel Division

With global restrictions on travel still very much in place for most of the year under review, it was not surprising that the Travel Division experienced a 97% decrease in revenue. Turnover dropped drastically to RM0.52 million compared to the preceding year's figure of RM17.10 million with loss before taxation of RM0.30 million in the year under review.

PROSPECTS

Surviving the Pandemic and Getting Ready for the Post-Pandemic Era

We believe that there is light at the end of the tunnel. Despite the imposition of MCO3.0 from May 2021, the announcements of easing of restrictions for fully vaccinated individuals as well as the gradual reopening of the tourism sector, provide some hope that the next financial year will see us entering into greener pastures.

Similarly, as the pandemic situation worldwide abates, our travel divisions in both Hong Kong and Singapore will be able to ride along the wave of recovery. Should such a recovery happen, we are confident it will also lead to investors and purchasers' interest and confidence in the property sector especially for the unsold units in Desa Impian, Bandar Tenggara.

Amidst such strong headwinds and challenges, the Group will focus on internal rationalization, optimization of resources in preparation to ride on any such recovery in the coming quarters. We will continue to evaluate and rationalize all our business activities, cost and utilization of resources to remain lean but poised to ride on the onset of any recovery in the hospitality and property sectors when the current pandemic ends.

Hotel Division

The prospects and outlook of the Hotel Division will be very much dependent on the lifting of restrictions imposed under National Recovery Plan (NRP). We will continue with our asset enhancement and refurbishment program for some of our hotels and resorts in preparation for the post-pandemic period. The Group will continue to add new revenue streams by seeking, securing and adding more hotels to our stable of managed hotels and other income-generating ventures.

The short-term prospect and visibility may be dim and blurred but it is our belief that the pent-up demand for tourism, vacations and getaways from within the domestic and international markets will bring about better performances in the near future. The world cannot remain shut for an extended period. It is therefore imperative that we make the right preparations during this lull to ensure that we are poised to capitalize on any resurgence of the travel, hotel and property sectors.

There are some bright spots for the Group. With most of our hotels serving as resort destinations, the prospects of a revival are far brighter than if we were heavily invested in business hotels. The sun and seas of Port Dickson and Pangkor Island, as well as the cool, clean air of Cameron Highlands, will serve as a panacea for lockdown-weary Malaysians as soon as travel restrictions are lifted.

Property Division

The Property Division will focus on selling the commercial units and remaining residential units of the on-going Phase 2A of the Desa Impian Project. At the same time, we will carefully consider the planning and launching of Phase 2B of the Desa Impian Project.

Travel Division

The Travel Division which is based in Hong Kong and Singapore will continue to face headwinds and challenges. A lot is dependent on the creation of a travel bubble between Hong Kong and Singapore as well as more such bubbles with other countries in the near future or when the current pandemic wanes. It is our hope that as vaccination increases, travel restrictions will ease, allowing for a resurgence of this sector.

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 committed to steering the Group out of the current storm caused by the prolonged COVID-19 pandemic. It will strive to remain proactive and innovative to ensure we are always ahead of the curve in improving efficiency, cost optimization, flattening structures and efficient deployment of human capital to ensure a healthier bottom-line. The Management would like to reassure our shareholders that we will work closely under the guidance of the Board of Directors to ensure that all parties work diligently, selflessly and in unity to lead the Group to better days and months ahead.

PROFILE OF DIRECTORS

Name	:	**TAN SRI DATO' SRI DR. SAMSUDIN BIN HITAM**
Age	:	74
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	:	6/6

Profile Of Directors (Cont'd)

Name	:	**DATUK ROSLAN BIN ABDUL RAHMAN**
Age	:	65
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 Resource Economics from Universiti Putra Malaysia (Formerly known as Universiti Pertanian Malaysia) in 1981, a diploma in Public Management from the National Institute of Public Administration (INTAN) in 1983, before pursuing and graduating with a Master of Arts (MA) in International Affairs (International Economics) 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 at the Research Division of the Prime Minister's Department in 1984. In 2007, Datuk Roslan helmed the position of a Deputy Director of the same division. Datuk Roslan was appointed as the Director of Special 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	:	6/6

Profile Of Directors (Cont'd)

Name	:	**ONN KIEN HOE**
Age	:	56
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 Zurich Life Insurance 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	:	6/6

Profile Of Directors (Cont'd)

Name	:	**PUAN NORIZAN BINTI IDRIS**
Age	:	43
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 17 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 12 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	:	6/6

Profile Of Directors (Cont'd)

Name	:	**SEE AH SING**
Age	:	62
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 on 28 November 2014. He was subsequently appointed as an Executive Director of Avillion Berhad on 22 April 2015 and re-designated as Group Managing Director of Avillion Berhad on 10 October 2016. He retired from Avillion 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 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	:	6/6

PROFILE OF SENIOR MANAGEMENT

SEE AH SING
Group Managing Director

Mr See, a Malaysian aged 62, was appointed to the Board on 15 March 2019. On 2 April 2019, he was re-designated as Group Managing Director.

He graduated with a Bachelor of Economics (Hons) degree from University of Malaya and holds a Diploma in Public Management, INTAN.

Mr See 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 on 28 November 2014, subsequently as an Executive Director on 22 April 2015 and redesignated as Group Managing Director on 10 October 2016. He retired from Avillion Berhad on 25 September 2017 and reappointed in year 2019.

ANGELINE CHONG
Chief Financial Officer

Angeline, a Malaysian aged 58, 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 33 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.

MICHAEL CHIEW
Group Director of Sales and Marketing

Michael, a Malaysian aged 50, joined the Company as Director of Sales in 2006 and he currently holds the position of Group Director of Sales and Marketing of Avillion Hotel Group.

He holds a Diploma in Hotel Management from Stamford College and has 30 years of experience in the hospitality industry.

As the Group Director of Sales and Marketing, 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.

Notes:
- *None of the Senior Management has any conflict of interest with the Company.*
- *All the Senior Management have no family relationship with any other director or major shareholder of the Company with the exception of the following Senior Management:*
  i) Mr See Ah Sing, who is a Director in Mazmur Capital Sdn Bhd, a shareholder of the Company.
- *None of the Senior Management has been convicted for any offences within the past five (5) years and have not been imposed by any public sanction or penalty by the relevant regulatory bodies during the financial year.*

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 https://www.avillionberhad.com/our-company/corporate-governance/

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, provide strategic direction and have 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 caliber.
- 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 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.

Corporate Governance Overview Statement (Cont'd)

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, employees who whistle blows 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.

Corporate Governance Overview Statement (Cont'd)

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.

Corporate Governance Overview Statement (Cont'd)

Practice 4.5 – Gender Diversity

The Board through the Nomination Committee will consider appropriate candidates 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, one meeting was held with attendance as follows:

Name of Director	No. of Meetings Attended
Tan Sri Dato' Dr. Samsudin bin Hitam	1/1
Mr Onn Kien Hoe	1/1
Puan Norizan Binti Idris	1/1

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

Corporate Governance Overview Statement (Cont'd)

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:

Director	**Courses/ Seminars/ Workshops/ Conferences**	**Organizer(s)**	**Date**
Onn Kien Hoe	COVID-19: Dealing with Creditors to Survive the Crisis	Crowe Advisory Sdn Bhd	8 May 2020
	MACC Training	Crowe Governance Sdn Bhd	11 June 2020
	Current Issues on Compliance with Leases (IFRS/ MFRS 16)	MIA	13 July 2020
	MFRS 15 Revenue from Contracts with Customers and MPERS Sections 23 & 34	MIA	14 July 2020
	Technical Update on IFRS (MFRS) 2020	MIA	16 July 2020
	ISA 240 : The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements	MIA	22 & 23 September 2020

Corporate Governance Overview Statement (Cont'd)

Director	Courses/ Seminars/ Workshops/ Conferences	Organizer(s)	Date
	An Overview and Practical Approach	MIA	24 & 25 September 2020
	Crowe Global - 2021 ELA MasterClass Series: Building Specialization, Depth or Breadth	Crowe Global	3 February 2021
	Crowe Global - Introduction to ISQM 1	Crowe Global	17 February 2021
	Crowe Global - Governance & Leadership	Crowe Global	24 February 2021
	Crowe Global - 2021 ELA MasterClass Series: Virtual Fireside Chat with Mr Yang	Crowe Global	17 March 2021

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, one meeting was held with attendance as follows:

Name of Director	No. of Meetings Attended
Datuk Roslan Bin Abdul Rahman	1/1
Tan Sri Dato' Dr. Samsudin bin Hitam	1/1
Mr Onn Kien Hoe	1/1

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 Director;

(b) reviewed and assessed the Directors' fees and benefits payable for the financial year ended 2021;

(c) reviewed and assessed the performance and the remuneration package of the key Senior Management; and

(d) reviewed and updated its TOR;

<u>Practice 7.1 - Remuneration of Directors</u>

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	-	216,161	9,267	-	24,600	250,028
Non-Executive Directors						
- Tan Sri Dato' Sri Dr. Samsudin Bin Hitam	52,500	-	-	24,000	-	76,500
- Onn Kien Hoe	37,500	-	-	-	-	37,500
- Datuk Roslan Bin Abdul Rahman	37,500	-	-	-	-	37,500
- Puan Norizan Binti Idris	22,500	-	-	-	-	22,500
Total	150,000	216,161	9,267	24,000	24,600	424,028

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) Mr Onn Kien Hoe (Chairman)
(b) Tan Sri Dato' Sri Dr. Samsudin Bin Hitam
(c) Puan Norizan Binti Idris

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.

Corporate Governance Overview Statement (Cont'd)

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 http://avillion.listedcompany.com/home.html 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

<u>Practice 12.1 – Notice of general meeting</u>

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.

<u>Practice 12.2 – Attendance of directors at general meetings</u>

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.

<u>Practice 12.3 – Voting</u>

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

  The Company had announced its proposal to undertake a private placement comprising the issuance of up to 188,881,350 new Ordinary Shares in the Company. ("Placement Shares"), representing up to 20% of the total number of issued shares of the Company, to be identified ("Proposed Private Placement") and made an application to Bursa Malaysia Securities Berhad ("Bursa Securities") on 15 November 2019 for the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities.

  On 21 November 2019, Bursa Securities vide a letter granted approval for the listing of and quotation of the Placement Shares on the Main Market of Bursa Securities. However, the Proposed Private Placement has yet to be implemented as of 31 March 2021 and hence no proceed was raised as at the date of this report.

- Audit Fees

  During the financial year ended 31 March 2021, the amount of audit and non-audit fees paid/payable by the Group and the Company to the external auditors for services rendered to the Company and its subsidiaries are as follows:

Type of fees	**Group RM('000)**	**Company RM('000)**
Audit fees	397	88
Non-audit fees	12	12

- 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

Norizan Binti Idris
Independent Non-Executive Director

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 / or Internal Auditors, 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 Requirements.

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 are as follows :-

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 reports 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;

Audit Committee Report (Cont'd)

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 internal audit function and that it has the necessary authority and unrestricted access to relevant records and information to carry out its works;
- 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 key findings of internal audit or investigations undertaken and management's responses, and ensure that appropriate and prompt 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 internal auditors.

Risk Management

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

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

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

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

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

f) Actual and potential impact of any shortcomings or deficiencies, particularly those related to the financial performance, economic or other conditions affecting the Group.

Audit Committee Report (Cont'd)

3.0 Summary of Activities of the Audit Committee

The Audit Committee held Six (6) meetings during the financial year ended 31 March 2021. The attendance of each member of the Committee is as follows :-

Director	Attendance
Onn Kien Hoe	6/6
Tan Sri Dato' Sri Dr. Samsudin Bin Hitam	6/6
Norizan Binti Idris	6/6

For the financial year ended 31 March 2021, the main activities undertaken by the Audit Committee included the following :-

- Evaluated 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 reappointment as Auditors of the Group and recommended to the Board of Directors on the reappointment and audit fees. The External Auditors provided written confirmation on their independence and measures adopted to control the quality of work performed.
- Analysed the potential impact of COVID-19 on audit and financial reporting.
- Discussed the implications of any developments, changes and pronouncements issued by the tatutory and regulatory bodies on the Group.
- Reviewed and noted accounting standards and other regulatory requirements tabled by the External Auditors, which were relevant to the Group's operations, notably, MFRS 101 (Presentation of Financial Statements), MFRS 15 (Revenue from Contracts with Customers) and MFRS 16 (Leases).
- Reviewed and assessed 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 Internal 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, the Management's responses and remedial actions taken for improvements
- Evaluated adequacy and timeliness of the Management's corrective actions taken to ensure all key risks and audit recommendations had been promptly and effectively addressed.
- Reviewed and recommended the Annual Report 2020 for the Board's approval.

4.0 Summary of Activities of the Internal Audit Function

The Group's Internal Audit Department ('the Department') prepares the annual Internal Audit Plan which is approved by the Audit Committee in line with the Group's business and risk environment. Based on the approved Audit Plan, the Department reports its audit engagements carried out and outcomes of the reviews to the Audit Committee. At the Audit Committee meetings, the Department independently reports key internal control matters, non-compliances with the Group's Policies and Procedures, potential risks and implications, audit recommendations and the Management's proposed corrective actions and timelines. The audit recommendations take into consideration, the Group's strategic directions, corporate and business objectives and key risks within the diversified and evolving business environment it operates in.

Audit Committee Report (Cont'd)

For the financial year ended 31 March 2021, the main activities undertaken by the Internal Audit Department included the following :-

- Prepared the risk based annual Internal Audit Plan for approval by the Audit Committee.
- Performed risk based audits on business and support divisions of the Group which entailed review of key business processes, risk management and internal controls.
- Evaluated the adequacy and effectiveness of the Group's risk management and internal control system in identifying, evaluating, managing and monitoring key potential risks.
- Issued audit reports to the Audit Committee and Management and highlighted key issues, root cause(s), potential risk and implications and recommendations for corrective actions
- Conducted follow up reviews to ensure remedial actions taken were timely, adequate and effective.
- Followed up on ad hoc requests or recommendations made by both the Audit Committee and Management on audit plan, scope and reports. In maintaining its independence and objectivity, the Internal Audit function has no operational responsibility and authority over the business and support divisions reviewed.

The total cost of internal audit for the financial year under review was approximately RM 182,000.00 (2020: RM 336,000.00)

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1.0 Introduction

In compliance 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 provide the Statement on Risk Management and Internal Control of the Group for the financial year under review.

2.0 Board's Roles and Responsibilities

The Board is committed towards enhancing an appropriate and effective risk management and internal control system relevant to its business environment to safeguard shareholders' interests and the Group's assets. Therefore, continuous reviews of the key business processes are undertaken to ensure adequacy and integrity of the aforesaid system. The Board is cognizant that business decisions and all areas of the business activities involve certain degree of risk with the ultimate objective of balancing key potential risks with potential returns. In the review of the risk management and internal control system, the significance of potential risks, probability of occurrence, potential implications, mitigating controls and cost of controls are considered. Due to inherent limitations in any system, the risk management and internal control system can only provide reasonable but not absolute assurance against the risks of material misstatements, fraud, losses or unforeseeable events or circumstances.

3.0 Risk Management

The Board acknowledges risk management as a critical success factor of business and operations to identify and monitor new and emerging risk factors arising from time to time. Ongoing risk assessment process is carried out to inculcate and sustain a 'risk awareness' culture within the Group and ensure principal risk areas are appropriately managed within risk tolerance levels in order to meet business objectives. The Group's risk appetite level is dependent on its existing risk management capabilities and capacity. The Management team is collectively responsible to integrate risk management into the business processes and ensure it remains effective and relevant. The key aspects of the risk management process are :-

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 independent and effective stewardship. To fulfill its oversight responsibilities, 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 who are responsible for driving and implementing risk mitigation measures within defined risk tolerance levels under their scope of assigned responsibilities.

In the risk management process, the Group adopts a 'two lines of defence' model which involves active participation from the Board and Management at Corporate level together with the Heads of business and support divisions. Under the 'first line of defence', the Heads of business and support divisions jointly with their employees are responsible and accountable for identifying, assessing and reporting key risks within their areas of responsibilities to the Management at Corporate level for deliberation before they are reported 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 on business strategy, finance, operations and external business environment. As potential risks identified cannot be eliminated but only mitigated, periodic reviews are carried out to formulate risk mitigation measures in order to address them in a timely and effective manner.

Under the 'second line of defence', the Board's oversight role which is complemented by the External Audit and Internal Audit functions, independently and objectively reviews the adequacy and effectiveness of risk management, internal controls and compliance with regulatory guidelines. Board meetings with the Management are held at least once every quarterly in a year to discuss the Group's financial performance, internal controls and other matters. Significant issues and potential risks which impact the Group from time to time are discussed and deliberated for resolution.

Statement On
Risk Management And Internal Control (Cont'd)

3.2 Risk Evaluation

Based on the existing internal control framework of business and support divisions, the Management identifies and assesses significant potential risks from the operational and financial aspects before improving and monitoring these controls to mitigate and control these risks. Identified risks are then evaluated by level of materiality and probability of occurrence before they are further assessed on the Group's perspective. It is to ensure that 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 communicated 'top down' to all employees in order to reinforce corporate core values of integrity, commitment, speed and cost effectiveness.

4.1.2 The Board's oversight role is complemented by its established Board committees namely, Audit Committee, Nomination Committee and Remuneration Committee. Each committee is governed by their respective terms of reference and authority.

4.1.3 The Group has a defined organisation structure with delineated lines of reporting, responsibility and accountability with appropriate levels of delegation to ensure checks and balances are in place. System of checks and balances are periodically reviewed to ensure there is no conflict of interest.

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 promptly and effectively to any changes in the Group's business strategy, operations and external business environment.

4.2.2 In line with the Group's strategies and risk appetite profile, the business and support divisions prepare annual business plans, financial and operating budgets which are reviewed by the Management for approval by the Board. Actual performances of these divisions are reviewed against approved budgets. Root causes for any significant variances against approved budgets are identified and evaluated in order to initiate corrective and mitigation actions promptly to improve financial results.

4.2.3 The Group recognises the value of human capital towards contribution of its long term business growth. Ongoing reviews on the recruitment process, performance appraisal, training and development programmes are carried out to enhance and sustain a competent work culture, talent retention, business continuity and code of ethics. All employees are contractually bound to observe the prescribed business ethics in their conduct at work and with external parties including customers, suppliers and contractors.

4.2.4 The Anti Bribery and Corruption and Whistleblowing policies which have been instituted reflect the Group's commitment to good business ethics and integrity and also provide an effective and safe reporting avenue for employees and other stakeholders to report any concerns or suspicions in good faith on any potential improprieties.

**Statement On
Risk Management And Internal Control (Cont'd)**

4.3 Information and Communication Processes

4.3.1 Scheduled Board and Management meetings are held at least once every quarterly and also on ad hoc basis, when required, to provide regular dialogues and feedback channels for improvements in a timely, transparent and confidential manner.

4.3.2 The Board and Management periodically review timely and comprehensive financial and management reports from the business and support divisions to ascertain if results are consistent with established objectives and goals.

4.3.3 The Group has in place, a Management Information System which captures and reports relevant and essential information and data for updating the Management at all times to facilitate prompt decision making and appropriate actions to be taken.

4.4 Monitoring Mechanism

4.4.1 The management committees and management reporting systems deployed enable the Board to play a pivotal role in strategizing the Group's business directions by overseeing the performance of its businesses and operations. Board meetings are held at least once every quarterly in a year and also on ad hoc basis, when required. The Group Managing Director communicates the Board's expectations and concerns to the Management for proactive actions to be taken. At both Management and operational meetings, business strategies, financial, operational and external business environment matters and any risk exposures are discussed and firmed up with action plans. Based on these mechanisms, the Board regularly obtains progress updates on financial commitments, risk management, internal controls and other matters requiring attention.

4.4.2 Based on the annual Audit Plan approved by the Audit Committee, the Internal Audit function performs risk based audit and follow up audit periodically to provide the Board with an independent and balanced assurance on the adequacy and effectiveness of risk management and internal controls. Thus, the Audit Committee and Management is regularly updated on significant areas of concern, recommended improvements and proposed remedial actions with timelines.

4.4.3 The Group's policies and procedures are periodically reviewed and updated in tandem with changes in business, operational, statutory and regulatory requirements.

5.0 Review for the Financial Year

The Board of Directors acknowledge that the risk management and internal control framework must be adaptive to the fluid and intensively challenging business environment in order to support profitable and sustainable business growth of the Group. The Board is committed to the practice of good corporate governance as an integral, concerted and continuous process to manage risks impacting the Group's strategy and objectives, within its risk appetite profile.

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

Statement On
Risk Management And Internal Control (Cont'd)

6.0 Review of The Statement by External Auditors

For the financial year ended 31 March 2021, the External Auditors had performed limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report 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 provided by the Managing Director and Chief Financial Officer, the Board is of the view that for the financial year under review, the Group's existing risk management and internal control system is operating satisfactorily, in all material aspects, to achieve its business objectives and manage risks. No adverse control matters which would significantly impact the results of the Group were noted. However, the Board recognises that the risk management and internal control system must be self sustaining and continuously evolve to support the Group's business growth in tandem with changes to the business environment. Therefore, the Board and Management will continue to take the necessary measures to enhance and strengthen the risk management, internal control environment and core business processes.

This Statement was approved by the Board of Directors on 24 August 2021.

SUSTAINABILITY STATEMENT

In line with Bursa Malaysia's Main Market Listing Requirements, Sustainability Reporting Guide and Global Reporting Initiative (GRI) Standards, the Board of Directors is pleased to present the Sustainability Statement which provides an overview of the Group's initiatives in managing key sustainability matters that are relevant to the Group's nature and scale of business operations. The Board considers sustainability as an integral part of business in enhancing business value and delivering positive outcomes for the Group's stakeholders in the long term. Hence the Group is working further to improve business processes, adopt best practices and integrate sustainability initiatives within its respective businesses divisions to meet corporate objectives and stakeholders' expectations.

Reporting Period and Scope of this Statement

The Statement encompasses the operations of Avillion Berhad (AVB) and its subsidiary companies which AVB has direct management control for the reporting period from 1st April 2020 to 31st March 2021. This Statement provides an overview on the economic, environmental, social and governance aspects of the activities undertaken by the Group.

Sustainability Approach

The Group's primary objective is to operate its businesses in an economically, environmentally and socially responsible manner with good corporate governance and business ethics for all stakeholders. The diverse stakeholder groups include the Board of Directors, shareholders, customers, employees, bankers, suppliers, contractors, regulatory and government authorities.

The mechanisms adopted in the sustainability strategy include code of business conduct and ethics, operational policies and processes, management systems and risk based audit reviews.

Throughout the year, COVID-19 pandemic continues to be a global concern with intensively challenging business environment and uncertain travel outlook. Going forward, the Group has prioritised safety and wellbeing of all stakeholders, being part of its prudent measures taken to strengthen its resilience in managing and mitigating potential implications and inducing positive changes within the Group. The Group has endeavoured to improve its financial performance by exploring potential business opportunities, implementing stronger operating margins in its business operations, optimising capital expenditure and reducing operational costs.

Sustainability Governance

Sustainability governance is a critical success factor to ensure the key sustainable objectives are achieved for the Group's long term growth and future viability. The Board of Directors (BOD) is responsible for driving and ensuring the effectiveness of the Group's sustainability strategies, initiatives and performance. The BOD evaluates economic, environmental, social and governance risks to ensure risk management practices, internal controls and appropriate systems are in place for enhancing its governance structure. The Audit Committee supports the Board by overseeing the effectiveness of sustainability strategies, initiatives and compliances based on directions and budgets approved by the Board. The Management is responsible for creating awareness and implementing initiatives on sustainability principles amongst internal stakeholders and improving governance structures to manage the Group's sustainability performance. At the operational level, the business and support divisions are accountable for ensuring risk management and mitigating measures under their scope of responsibilities are in place.

Sustainability Statement (Cont'd)

Stakeholder Engagement

Within the Group's established risk profile, sustainability risks and opportunities are identified in order to create business value, sustainable growth and efficiency. In order to align with stakeholders' expectations, the Group regularly engage with the key stakeholders to understand, prioritise and address material issues which impact its operations and business growth. The following engagement approaches are adopted to address the needs of the diverse stakeholder groups:-

Stakeholder	Engagement Platforms Including	Areas of Interests	Group's Initiatives
1) Board of Directors	• Quarterly Board meetings • Other ad hoc channels (eg. email, meetings)	• Financial performance & transparency • Business sustainability • Corporate governance • Market position & industry reputation	• Business strategy management, risk assessment, sustainable & responsible business practices to improve financial performance & returns • Compliance with regulatory guidelines & standard operating procedures
2) Shareholders & Investors	• Corporate website • Annual & quarterly reports • Corporate announcements • Annual General Meeting • Extraordinary General Meeting	• Financial performance & transparency • Business sustainability • Corporate governance • Market position & industry reputation	• Shareholder & investor engagement • Uphold best practices in corporate governance & social responsibility • Maintain growth trajectory to generate sustainable financial returns
3) Bankers	• Corporate website • Annual & quarterly reports • Corporate announcements • Institutional briefings & presentations	• Financial performance & transparency • Business sustainability • Corporate governance • Market position & industry reputation • Long term relationship development	• Business strategy management, risk assessment, sustainable & responsible business practices to improve financial performance & returns
4) Customers	• Corporate website • Customer satisfaction survey / feedback system • Multiple channels (eg. emails, meetings, social media platforms)	• Product and service innovation & quality • Customer satisfaction & loyalty • Market position & industry reputation • Effective resolution of complains & improvements • Safety, security & privacy	• Performance oriented & service excellence employer • Events / competitions • Online / offline communication channels

Sustainability Statement (Cont'd)

Stakeholder	Engagement Channel Including	Stakeholder's Interests	Group's Initiatives
5) Employees	• Annual performance appraisal • Training requirement analysis • Monthly management meetings • Multiple channels (eg. emails, meetings, training, team building activities)	• Market position & industry reputation • Remuneration & benefits • Performance management & career development • Business direction & financial performance • Occupational safety & security	• Training & development • Performance oriented appraisal • Meetings / dialogue / townhall sessions for employee engagement & feedback • Safe & conducive work environment
6) Suppliers / Contractors	• Corporate website • Supplier evaluation • Quotation request • Tender / bidding • Multiple channels (eg. site visits, emails, meetings)	• Market position & industry reputation • Ethical & efficient supplier management & collection system	• Transparent purchasing / procurement policies & procedures • Manage suppliers & service providers responsibly • Online / offline communication channels
7) Regulatory / Government Authorities	• Corporate website • Multiple channels (e.g. emails, meetings, seminar sessions)	• Regulatory disclosures • Compliance with regulatory / government authorities' requirements • Market position & industry reputation	• Compliance with regulatory requirements • Annual Report
8) Associations / Media / Local Communities	• Corporate website • Multiple channels (e.g. emails, meetings, events, social media platforms)	• Association & community engagement & support • Ecocentric corporate social responsibility • Market position & industry reputation	• Participation in association events & sponsorship programmes • Social contribution, community service programmes & sports events

Materiality Assessment of Sustainability Areas

Ongoing reviews on the changing business environment, internal business processes, stakeholders views and evolving risks are carried out to identify, assess, prioritise and manage key sustainability matters which are essential to the Group's core businesses.

Sustainability Statement (Cont'd)

Based on the materiality assessment, the key sustainability areas for respective business divisions are as follows:-

Sustainability Area	Hotel	Property	Travel
1) Economic	• Economic & business performance • Market presence • Business contingency & crisis response plans • Supplier / contract assessment, negotiation & management	• Economic & business performance • Market presence • Business contingency & crisis response plans • Supplier / contract assessment, negotiation & management	• Economic & business performance • Market presence • Business contingency & crisis response plans • 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 satisfaction & loyalty • Facilities management • Membership programmes • Guest safety, security & privacy • Business operations & cost efficiency • Revenue & reservation system management	• Customer satisfaction & loyalty • Quality management (workmanship & design) • Public safety • Business operations & cost efficiency	• Customer satisfaction & 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

The Group's primary sustainability challenge is to ensure that value creation activities carried out remain undisrupted regardless of changes in the business operating environment. Moving forward, notwithstanding the pandemic driven 'New Normal', the Group will continue to focus on material assessments of sustainability areas and their impact on the Group before reassessing, strategising and improving its business activities to enhance business value and meet stakeholders' expectations.

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**

  The Company had announced its proposal to undertake a private placement comprising the issuance of up to 188,881,350 new Ordinary Shares in the Company. ("Placement Shares"), representing up to 20% of the total number of issued shares of the Company, to be identified ("Proposed Private Placement") and made an application to Bursa Malaysia Securities Berhad ("Bursa Securities") on 15 November 2019 for the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities.

  On 21 November 2019, Bursa Securities vide a letter granted approval for the listing of and quotation of the Placement Shares on the Main Market of Bursa Securities. However, the Proposed Private Placement has yet to be implemented as of 31 March 2021 and hence no proceed was raised as at the date of this report.

- **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 2021.

- **Audit and Non-Audit Fees**

  During the financial year ended 31 March 2021, the amount of audit and non-audit fees paid/payable by the Group and the Company to the external auditors for services rendered to the Company and its subsidiaries are as follows:

Type of fees	Group (RM'000)	Company (RM'000)
Audit fees	397	88
Non-audit fees	12	12

- **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 DIRECTORS'S RESPONSIBLITIES

The Directors of the Company are required to prepare the financial statements for each financial year which gives a true and fair view of the state of affairs and results of the Company and the Group.

The Directors are responsible for ensuring that the Company and the Group keep proper accounting records to enable the Company and the Group to disclose, with reasonable accuracy and without any material misstatement, the financial position of the Company and the Group as at 31 March 2021 and the financial performance and cash flows of the Company and the Group for the financial year ended on that date.

In preparing the financial statements for the financial year ended 31 March 2021, the Directors have:

a) adopted the relevant and appropriate accounting policies consistently;
b) made judgments and estimates that are reasonable and prudent;
c) adopted applicable accounting standards, subjects to any material departures, if any, which will be disclosed and explained in the financial statements; and
d) prepared the financial statements on the assumption that the Company and the Group will operate as going concern.

In assessing the adequacy and effectiveness of the system of internal control and accounting control procedures of the Group, the Audit Committee reports to the Board its activities, significant results, findings and the necessary recommendations or changes.

This statement on Director's Responsibility has been approved by the Board of Avillion Berhad on 24 August 2021.

REPORTS AND 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 2021.

PRINCIPAL ACTIVITIES

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

The principal activities of its subsidiaries are disclosed in Note 10 to the financial statements.

There have been no significant changes in the nature of these activities 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
Loss for the financial year, net of tax	(14,201)	(16,317)
Attributable to:		
Owners of the Company	(13,360)	(16,317)
Non-controlling interests	(841)	-
	(14,201)	(16,317)

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 March 2021.

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 all known bad debts had been written off and that 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.

Directors' Report (Cont'd)

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

Tan Sri Dato' Sri Dr. Samsudin Bin Hitam*
Onn Kien Hoe
See Ah Sing*
Datuk Roslan Bin Abdul Rahman
Puan Norizan Binti Idris

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Ainun Binte Mohamed Lahab	(Resigned on 5 January 2021)
Lee Swee Chit	(Appointed on 5 January 2021)
Chan Mei Han	
Chong Set Fui	
Mohd Hider Bin Yusoff @ Othman	(Resigned on 15 September 2020)
Datuk Ir. Kamarulzaman Bin Zainal	(Resigned on 1 December 2020)
Mohammed Suhaimi Bin Yaacob	(Appointed on 15 September 2020)
Ahmad Nizam Bin Mohamed Amin	(Appointed on 1 December 2020)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1.4.2020	Bought	Sold	At 31.3.2021
Indirect interests				
See Ah Sing	248,178,113	-	-	248,178,113

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, See Ah Sing is deemed to have an interest in ordinary shares in the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

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 26 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 million and RM0.05 million respectively.

SUBSIDIARIES

Details of the Company's subsidiaries are disclosed in Note 10 to the financial statements.

Other than those subsidiaries with modified opinions in their auditors' reports as disclosed in Note 10 to the financial statements, the available auditors' reports on the accounts of the remaining subsidiaries did not contain any qualification.

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 26 to the financial statements.

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

DIRECTORS' REPORT (CONTINUED)

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: 30 August 2021

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	Group 2021 RM'000	Group 2020 RM'000 (Restated)	Company 2021 RM'000	Company 2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	188,232	188,938	180	233
Right-of-use assets	6	51,952	50,414	-	-
Investment properties	7	2,596	2,827	-	-
Goodwill on consolidation	8	-	-	-	-
Investment in associates	9	-	-	-	-
Investment in subsidiaries	10	-	-	212,228	224,072
Inventories	11	55,401	72,724	-	-
Trade and other receivables	12	-	-	-	-
Amount owing by subsidiaries	13	-	-	4,555	4,590
Total non-current assets		298,181	314,903	216,963	228,895
Current assets					
Inventories	11	57,821	41,284	-	-
Trade and other receivables	12	4,719	7,037	222	309
Amount owing by subsidiaries	13	-	-	619	953
Current tax assets		881	946	24	19
Fixed deposits with licensed banks	14	711	1,298	-	-
Cash and bank balances	15	4,308	4,786	2,203	2,190
Total current assets		68,440	55,351	3,068	3,471
TOTAL ASSETS		366,621	370,254	220,031	232,366

Statements of Financial Position (Cont'd)
as at 31 March 2021

	Note	Group 2021 RM'000	Group 2020 RM'000 (Restated)	Company 2021 RM'000	Company 2020 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	213,429	213,429	213,429	213,429
Reserves	17	(15,109)	(5,509)	(125,514)	(109,197)
		198,320	207,920	87,915	104,232
Non-controlling interests		3,242	3,534	-	-
TOTAL EQUITY		201,562	211,454	87,915	104,232
Non-current liabilities					
Loans and borrowings	18	57,476	51,325	52,750	49,486
Deferred tax liabilities	19	36,624	36,824	16	16
Amount owing to subsidiaries	13	-	-	22,373	19,836
Total non-current liabilities		94,100	88,149	75,139	69,338
Current liabilities					
Trade and other payables	20	25,501	24,888	10,479	7,006
Contract liabilities	21	745	210	-	-
Amount owing to subsidiaries	13	-	-	20,428	20,683
Loans and borrowings	18	44,706	45,218	26,070	31,107
Current tax liabilities		7	335	-	-
Total current liabilities		70,959	70,651	56,977	58,796
TOTAL LIABILITIES		165,059	158,800	132,116	128,134
TOTAL EQUITY AND LIABILITIES		366,621	370,254	220,031	232,366

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
Revenue	22	20,952	66,366	660	1,612
Cost of sales	23	(6,567)	(28,632)	-	-
Gross profit		14,385	37,734	660	1,612
Other income		3,181	3,245	-	2,004
Selling and promotion expenses		(732)	(1,707)	-	-
Administrative expenses		(26,163)	(44,652)	(2,278)	(3,683)
Other expenses		(216)	(10,152)	(11,087)	(7,822)
Operating loss		(9,545)	(15,532)	(12,705)	(7,889)
Finance income	24	10	181	1,190	530
Finance costs	25	(6,064)	(7,168)	(4,802)	(5,806)
Loss before tax	26	(15,599)	(22,519)	(16,317)	(13,165)
Income tax expense	27	1,398	201	-	-
Loss for the financial year		(14,201)	(22,318)	(16,317)	(13,165)
Other comprehensive income/ (loss) for the financial year, net of tax:					
Items that will not be reclassified subsequently to profit or loss:					
Revaluation of property,plant and equipment		4,244	-	-	-
Fair value loss on financial assets at fair value through other comprehensive income		-	(324)	-	-
		4,244	(324)	-	-
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences on foreign operations		65	499	-	-
		65	499	-	-
Total comprehensive loss for the financial year		(9,892)	(22,143)	(16,317)	(13,165)

Statements of Comprehensive Income (Cont'd)
For the Financial Year Ended 31 March 2021

	Note	Group 2021 RM'000	Group 2020 RM'000 (Restated)	Company 2021 RM'000	Company 2020 RM'000
Loss attributable to:					
Owners of the Company		(13,360)	(21,924)	(16,317)	(13,165)
Non-controlling interest		(841)	(394)	-	-
		(14,201)	(22,318)	(16,317)	(13,165)
Total comprehensive loss attributable to:					
Owners of the Company		(9,051)	(21,749)	(16,317)	(13,165)
Non-controlling interest		(841)	(394)	-	-
		(9,892)	(22,143)	(16,317)	(13,165)
Losses per ordinary share attributable to					
Owners of the Company (sen)					
- Basic	28	(1.41)	(2.39)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	|------------Attributable to owners of the Company------------|						
	Share capital RM'000	Foreign currency translation reserve RM'000	Revaluation reserve RM'000	Accumulated losses RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group							
As at 1 April 2020	213,429	8,708	101,321	(115,538)	207,920	3,534	211,454
Net loss for the financial year	-	-	-	(13,360)	(13,360)	(841)	(14,201)
Realisation of revaluation reserve	-	-	(3,359)	3,359	-	-	-
Revaluation during the year	-	-	3,695	-	3,695	549	4,244
Foreign currency translation differences on foreign operations	-	65	-	-	65	-	65
Total comprehensive loss for the financial year	-	65	336	(10,001)	(9,600)	(292)	(9,892)
At 31 March 2021	213,429	8,773	101,657	(125,539)	198,320	3,242	201,562

Statements of Changes in Equity (Cont'd)
For the Financial Year Ended 31 March 2021

	Share capital RM'000	Fair value reserve RM'000	Foreign currency translation reserve RM'000	Revaluation reserve RM'000	Accumulated losses RM'000 (Restated)	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000 (Restated)
	|-------------------Attributable to owners of the Company					-------------------|		
Group								
As at 1 April 2019	200,551	(4,689)	8,209	104,677	(91,957)	216,791	3,928	220,719
Issue of ordinary shares	12,878	-	-	-	-	12,878	-	12,878
Net loss for the financial year	-	-	-	-	(22,005)	(22,005)	(394)	(22,399)
Realisation of revaluation reserve	-	-	-	(3,356)	3,356	-	-	-
Fair value of financial assets through other comprehensive income	-	(324)	-	-	-	(324)	-	(324)
Derecognition of other instrument		5,013			(5,013)	-	-	-
Foreign currency translation differences on foreign operations	-	-	499	-	-	499	-	499
Total comprehensive loss for the financial year	12,878	4,689	499	(3,356)	(23,662)	(8,952)	(394)	(9,346)
Effect of adjustment (Note 34)	-	-	-	-	81	81	-	81
At 31 March 2020	213,429	-	8,708	101,321	(115,538)	207,920	3,534	211,454

Statements of Changes in Equity (Cont'd)
For the Financial Year Ended 31 March 2021

	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
Company			
At 1 April 2019	200,551	(96,032)	104,519
Total comprehensive loss for the financial year	-	(13,165)	(13,165)
Issuance of ordinary shares	12,878	-	12,878
At 31 March 2020	213,429	(109,197)	104,232
Total comprehensive loss for the financial year	-	(16,317)	(16,317)
At 31 March 2021	213,429	(125,514)	87,915

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000 (Restated)	RM'000	RM'000
Cash flows from operating activities				
Loss before tax	(15,599)	(22,519)	(16,317)	(13,165)
Adjustments for:				
Depreciation of:				
- property, plant and equipment	7,770	7,409	51	58
- right-of-use assets	1,112	4,393	-	-
- investment properties	61	64	-	-
Gain on disposal of:				
- property, plant and equipment	-	(184)	-	(47)
- investment properties	(30)	-	-	-
Impairment loss on:				
- right-of-use assets	-	3,295	-	-
- investment of subsidiaries	-	-	11,063	1,836
- trade and other receivables	153	6,807	-	5,708
Written off on:				
- property, plant and equipment	32	12	-	-
- investment in subsidiaries	-	-	-	10
- amount owing from subsidiary	-	-	25	268
- trade receivables	30	-	-	-
COVID-19 related rent concessions income	(1,680)	-	-	-
Waiver of:				
- amount owing to subsidiaries	-	-	-	(19)
- trade and other payables	(14)	(232)	-	-
Net unrealised foreign exchange loss	-	-	76	375
Finance income	(10)	(181)	(1,190)	(530)
Finance cost	6,064	7,168	4,802	5,806
Dividend income from a subsidiary	-	-	-	(1,815)
Operating (loss)/profit before changes in working capital	(2,111)	6,032	(1,490)	(1,515)

Statements of Cash Flows (Cont'd)
For the Financial Year Ended 31 March 2021

	Note	Group 2021 RM'000	Group 2020 RM'000 (Restated)	Company 2021 RM'000	Company 2020 RM'000
Cash flows from operating activities (continued)					
Operating (loss)/profit before changes in working capital, brought forward		(2,111)	6,032	(1,490)	(1,515)
Changes in working capital:					
Inventories		786	(935)	-	-
Trade and other receivables		2,135	2,224	87	217
Trade and other payables		2,154	142	3,170	2,312
Contract liabilities		535	(234)	-	-
Subsidiaries		-	-	4,375	(3,838)
Net cash from/ (used in) operations		3,499	7,229	6,142	(2,824)
Interest paid		(6,064)	(7,168)	(4,656)	(5,651)
Interest received		-	109	-	-
Income tax refund		-	1,171	-	25
Income tax paid		(405)	(1,163)	(5)	(22)
Net cash (used in)/from operating activities		(2,970)	178	1,481	(8,472)
Cash flows from investing activities					
Purchase of property, plant and equipment	(a)	(2,839)	(2,627)	-	(9)
Proceeds from disposal of property, plant and equipment		-	248	2	82
Proceeds from investment property		200	-	-	-
Net withdrawal of fixed deposits with licensed bank		597	2,942	-	-
Net change in cash held under Housing Development Account		543	(999)	-	-
Dividend received from a subsidiary company		-	-	-	1,815
Net cash (used in)/from investing activities		(1,499)	(436)	2	1,888

Statements of Cash Flows (Cont'd)
For the Financial Year Ended 31 March 2021

	Note	Group 2021 RM'000	Group 2020 RM'000 (Restated)	Company 2021 RM'000	Company 2020 RM'000
Cash flows from financing activities	(b)				
Proceeds from issuance of ordinary shares		-	12,878	-	12,878
Drawdown of borrowings		2,631	1,071	-	-
Advance from/(repayment to) a director		303	(413)	303	(413)
Net repayment of term loans		(1,236)	(6,125)	(1,236)	(5,000)
Net repayment of lease liabilities		(639)	(3,728)	-	(35)
Repayment of revolving credit		(503)	(1,725)	(225)	(225)
Net cash from/(used in) financing activities		556	1,958	(1,158)	7,205
Net changes in cash and cash equivalents		(3,913)	1,700	325	621
Effect of exchange rate changes		32	563	-	-
Cash and cash equivalents at the beginning of the financial year		(17,443)	(19,706)	(9,142)	(9,763)
Cash and cash equivalents at the end of the financial year		(21,324)	(17,443)	(8,817)	(9,142)
Analysis of cash and cash equivalents					
Cash and bank balances		3,852	3,787	2,203	2,190
Bank overdraft		(25,176)	(21,230)	(11,020)	(11,332)
		(21,324)	(17,443)	(8,817)	(9,142)

(a) Purchase of property, plant and equipment

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Purchase of property, plant and equipment	2,839	2,627	-	9
Cash payments on purchase of property, plant and equipment	2,839	2,627	-	9

Statements of Cash Flows (Cont'd)
For the Financial Year Ended 31 March 2021

(b) Reconciliation of liabilities arising from financing activities

Group	1 April 2020 RM'000	Non-cash acquisition RM'000	Drawdown RM'000	Cash flows RM'000	31 March 2021 RM'000
Term loans	60,247	-	2,631	(1,236)	61,642
Lease liabilities	3,791	1,290	-	(489)	4,592
Advance from a director	3,073	-	-	303	3,376
Revolving credit	11,275	-	-	(503)	10,772
	78,386	1,290	2,631	(1,925)	80,382

	1 April 2019 RM'000	Effect of Adoption of MFRS 16 RM'000	Drawdown RM'000	Cash flows RM'000	31 March 2020 RM'000
Term loans	65,301	-	1,071	(6,125)	60,247
Lease liabilities	279	7,240	-	(3,728)	3,791
Advance from a director	3,486	-	-	(413)	3,073
Revolving credit	13,000	-	-	(1,725)	11,275
	82,066	7,240	1,071	(11,991)	78,386

Company	1 April 2020 RM'000	Cash flows RM'000	31 March 2021 RM'000
Term loans	59,486	(1,236)	58,250
Advance from a director	3,073	303	3,376
Revolving credit	9,775	(225)	9,550
	72,334	(1,158)	71,176

	1 April 2019 RM'000	Cash flows RM'000	31 March 2020 RM'000
Term loans	64,486	(5,000)	59,486
Lease liabilities	35	(35)	-
Advance from a director	3,486	(413)	3,073
Revolving credit	10,000	(225)	9,775
	78,007	(5,673)	72,334

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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 subsidiaries are stated in Note 10 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 30 August 2021.

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 amendments/improvements to MFRSs

The Group and of the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases*
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error
MFRS 139	Financial Instruments: Recognition and Measurement

* Early adopted the amendment to MFRS 16 *Leases* issued by the Malaysian Accounting Standards Board (“MASB”) on 5 June 2020.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of amendments/improvements to MFRSs (continued)

The adoption of the above amendments/improvements to MFRSs 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.

Amendment to MFRS 16 Leases

The Group and the Company have early adopted the amendment(s) to MFRS 16 that exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications, applying to reduction in lease payments originally due on or before 30 June 2022.

The Group and the Company elected the practical expedient not to assess whether a rent concession received from landlord is a lease modification. The effect of adoption of the above amendment is disclosed in Note 26 to the financial statements as rent concession income.

2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2021/ 1 January 2022^

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

2. BASIS OF PREPARATION (CONTINUED)

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

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

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (continued)		
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018-2020*

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

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

2. BASIS OF PREPARATION (CONTINUED)

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

(a) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

Annual Improvements to MFRS Standards 2018–2020

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combinations

The amendments update MFRS 3 by replacing a reference to an old version of the *Conceptual Framework for Financial Reporting* with a reference to the latest version which was issued by MASB in April 2018.

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.

2. BASIS OF PREPARATION (CONTINUED)

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

(a) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (continued)

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts, and MFRS 16 Leases

The Interest Rate Benchmark Reform—Phase 2 amends some specific requirements in MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16, with respect to issues that affect financial reporting during the reform of an interest rate benchmark.

The amendments provide a practical expedient whereby an entity would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

2. BASIS OF PREPARATION (CONTINUED)

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

(a) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (continued)

Amendments to MFRS 112 Income Taxes

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

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 consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

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

2. BASIS OF PREPARATION (CONTINUED)

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 reported 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 judgements 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 are significant to the Group's and the Company's financial statements are disclosed in Note 4 to the financial statements.

2.7 Fundamental accounting principle

The financial statements of the Group and the Company have been prepared on the assumption that the Group and the Company will continue as a going concern. The application of the going concern basis is based on the assumption that the Group and the Company will be able to realise its assets and liquidate its liabilities in the normal course of business.

The global economy, in particular the travel and hospitality division, faces an uncertainty over the expected timing of recovery of the COVID-19 pandemic. The temporary closure of the Group's resorts operation, travel and border restrictions in compliance with the respective governments' directives have led to a significant fall in demand for the travelers which impacted the Group's financial position, financial performance and cash flows. The Group reported a net loss of RM14.201 million for the financial year ended 31 March 2021 and the current liabilities exceeded its current assets by RM2.519 million as at 31 March 2021. The Company reported a net loss of RM16.317 million for the financial year ended 31 March 2021 and the Company's current liabilities exceed its current assets by RM53.909 million.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on Group's and the Company's ability to continue as a going concern.

The spread of the COVID-19 has significantly affected the Group's operations. The Group and the Company have implemented certain measures to weather through the challenging time, among which,

a) Working capital management

Manage burn rate by implementing various cost containment and optimisation exercise which includes:

i) Right sizing of manpower and flattening of structures;
ii) Negotiation for the waiver and discount of lease rentals in arrears as well as reducing future lease rates;
iii) Operation cost containment by limiting spending within budgeted limit whilst maintaining standard and excellence in service; and
iv) To reduce and avoid non-essential operating expenses.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

2. BASIS OF PREPARATION (CONTINUED)

2.7 Fundamental accounting principle (continued)

The spread of the COVID-19 has significantly affected the Group's operations. The Group and the Company have implemented certain measures to weather through the challenging time, among which, (continued)

b) Fund raising and management
   i) Subsequent to the financial year end, the Group has completed 2 tranches of private placement of 98.4 million ordinary shares in total, raising total proceeds of RM11.8 million. The Group will raise more funds through private placement at appropriate time;
   ii) Disposal of low or non-yielding land bank;
   iii) Intensify sales and marketing efforts to sell the remaining units from the current development project and completed properties; and
   iv) Continuous financial support from the bankers.

In the event that these are not forthcoming, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Accordingly, the financial statements of the Group may require adjustments relating to the recoverability and classification of recorded assets and liabilities that may be necessary should the Group be unable to continue as going concern.

The recent development of vaccination against the COVID-19 pandemic and the implementation of national vaccination programs in countries in which the Group operates as well as elsewhere around the world provide positive outlook for the travel and hospitality industries. The Group has reopened of its travel and hospitality resorts with reduced capacity in line with strict health and safety protocols consistent with the government's guidelines. Although volume of business has been impacted, the Group remain optimistic on the performance of its travel and hospitality operations.

The Group expects its business operations to gradually return to normal operating levels, aided by the progressive roll-out of mass vaccination program globally. The Board of Directors is confident the Group would have sufficient cash flows to fulfil its obligation and finance its ongoing operations. Accordingly, the financial statements for the financial year ended 31 March 2021 of the Group and of the Company have been prepared on a going concern basis remain appropriate. The Board of Director can realise their assets and discharge their liabilities in the normal course of business.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

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) to the financial statements.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(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.

3.3 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions (continued)

(a) Translation of foreign currency transactions (continued)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

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

(i) Financial assets (continued)

<u>Debt instruments</u>

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.

- 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.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (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 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

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

(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

<u>Financial liabilities at fair value through profit or loss</u>

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.

<u>Financial liabilities at amortised cost</u>

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.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (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 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(d) Derecognition (continued)

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.

(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.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

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:

Buildings	2%
Motor vehicles	10%-20%
Furniture and fittings	10%
Office equipment	10%
Data processing equipment	20%
Electrical installation	10%
Renovation	10%
Boats	15%

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

(a) Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets and lease liabilities as separate lines in the statements of financial position.

Right-of-use asset

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

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Leasehold land is 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 leasehold land and building 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

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.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(a) to the financial statements, then it classifies the sub-lease as an operating lease.

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.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

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.

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.

3.8 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) to the financial statements.

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.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

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) to the financial statements.

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

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)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (continued)

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

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.

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (continued)

(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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and the Company.

(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.

3.15 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.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and other income

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.

(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.

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 does not create an asset with an alternative use to the Group and the Company has 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 basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract.

The Group and the Company recognised the property revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The performance obligation is determined by the survey of work performed and is determined by the architects and engineers for the stage of completion and the cost charge based on the fixed profit margin on the goods or services transferred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and other income (continued)

(a) Property development (continued)

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.

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.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Income tax

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.

(ii) Deferred tax

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Income tax (continued)

(ii) Deferred tax (continued)

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 property, plant and equipment and right-of-use assets are carried at fair value in accordance with the accounting policy as disclosed in Note 3.7 to the financial statements, 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.

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.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Income tax (continued)

(iii) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

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

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.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

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) Impairment of right-of-use assets

The Group assesses impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying among of an asset exceeds its recoverable amount.

The Group has significant balances of right-of-use assets as at financial year end. In view of the COVID-19 outbreak, there are significant changes in the market and economic environment in which the Group operates, that indicates the right-of-use assets may be impaired. As such, there is a risk the future performance of the assets may not lead to their carrying values being recoverable in full.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use is the net present value of the projected future cash flows derived from the asset discounted at an appropriate discount rate. The significant judgement is required in determining the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rate and gross profit margin. The economic uncertainties from COVID-19 pandemic may result in higher level of estimation uncertainty to the inputs and assumptions used in the value-in-use calculation. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial positions and results if the actual cash flows are less than the expected.

The carrying amounts of right-of-use assets are disclosed in Note 6 to the financial statements.

(b) Fair value of property, plant and equipment and leasehold land

The Group engaged external valuer to determine the fair values. The valuation methods adopted by the valuer include sales comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences; income approach, being the projected net income and other benefits that are the subject property can generate over the life of the property capitalised at market derived yields to arrive at the present value of the property. Judgement is made in determining the appropriate valuation methods and the key assumptions used in the valuations, including the expected impact from COVID-19 pandemic. The COVID-19 pandemic might have resulted in less frequent comparable transactions or market prices become less readily available which would increase uncertainty in the measurement of fair value. Any changes in these assumptions will have an impact on the carrying amounts of the property, plant and equipment and right-of-use assets.

The carrying amounts of property, plant and equipment and leasehold land are disclosed in Notes 5 and 6 to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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)

(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.

The economic uncertainties resulting from the COVID-19 pandemic have resulted in an even higher level of estimation uncertainty to the inputs and assumptions used in the estimation of total property development costs and total property development revenue.

The carrying amounts of property development costs and contract liabilities are disclosed in Notes 11 and 21 to the financial statements.

(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.

The economics uncertainties resulting from the COVID-19 pandemic have impacted and may continued to impact selling prices and the saleability of inventories. When future events differ from current expectations, the carrying amounts of unsold inventories may have to be written down or written back in future financial periods.

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

The carrying amounts of inventories are disclosed in Note 11 to the financial statements.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM'000	Freehold 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										
2021										
Valuation/Cost										
At 1 April 2020	194,996	7,770	827	9,077	13,723	2,981	1,010	75	18,509	248,968
Additions	-	-	-	-	161	9	190	8	2,471	2,839
Written off	-	-	-	-	(22)	-	(5)	-	(142)	(169)
Revaluation	4,243	-	-	-	-	-	-	-	-	4,243
Reclassification from accumulated depreciation	(29,712)	-	-	-	-	-	-	-	-	(29,712)
Exchange differences	27	-	-	(5)	(5)	(22)	-	-	(13)	(18)
At 31 March 2021	169,554	7,770	827	9,072	13,857	2,968	1,195	83	20,825	226,151
Accumulated depreciation										
At 1 April 2020	23,703	-	827	8,555	7,872	2,633	602	75	15,763	60,030
Charge for the financial year	6,202	-	-	157	529	122	84	-	676	7,770
Written off	-	-	-	-	(20)	-	(3)	-	(114)	(137)
Reclassification to valuation/cost	(29,712)	-	-	-	-	-	-	-	-	(29,712)
Exchange differences	8	-	-	(7)	(6)	(22)	-	-	(5)	(32)
At 31 March 2021	201	-	827	8,705	8,375	2,733	683	75	16,320	37,919
Carrying amount										
At 1 April 2020	171,293	7,770	-	522	5,851	348	408	-	2,746	188,938
At 31 March 2021	169,353	7,770	-	367	5,482	235	512	8	4,505	188,232
Representing										
- cost	-	-	-	367	5,482	235	512	8	4,505	11,109
- valuation	169,353	7,770	-	-	-	-	-	-	-	177,123
	169,353	7,770	-	367	5,482	235	512	8	4,505	188,232

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	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											
2020											
Valuation/Cost											
At 1 April 2019											
- As previously reported	195,348	7,770	50,601	1,842	8,985	12,721	2,925	810	75	17,276	298,353
- Effect of adoption of MFRS 16	-	-	(50,601)	(337)	-	-	-	-	-	-	(50,938)
Adjusted balance at 1 April 2019	195,348	7,770	-	1,505	8,985	12,721	2,925	810	75	17,276	247,415
Additions	-	-	-	-	85	1,073	44	201	-	1,224	2,627
Disposals	-	-	-	(679)	(2)	(12)	(8)	-	-	-	(701)
Written off	-	-	-	-	(1)	(73)	(20)	(1)	-	-	(95)
Reclassification	(324)	-	-	-	-	-	-	-	-	-	(324)
Exchange differences	(28)	-	-	1	10	14	40	-	-	9	46
At 31 March 2020	194,996	7,770	-	827	9,077	13,723	2,981	1,010	75	18,509	248,968

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	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											
2020 (continued)											
Accumulated depreciation											
At 1 April 2019											
- As previously reported	18,137	-	-	1,446	8,355	7,403	2,435	535	75	15,239	53,625
- Effect of adoption of MFRS 16	-	-	-	(23)	-	-	-	-	-	-	(23)
Adjusted balance at 1 April 2019	18,137	-	-	1,423	8,355	7,403	2,435	535	75	15,239	53,602
Charge for the financial year	5,897	-	-	19	193	527	187	68	-	518	7,409
Disposals	-	-	-	(615)	(2)	(12)	(8)	-	-	-	(637)
Written off	-	-	-	-	(1)	(61)	(20)	(1)	-	-	(83)
Reclassification	(324)	-	-	-	-	-	-	-	-	-	(324)
Exchange differences	(7)	-	-	-	10	15	39	-	-	6	63
At 31 March 2020	23,703	-	-	827	8,555	7,872	2,633	602	75	15,763	60,030
Carrying amount											
At 1 April 2019	177,211	7,770	-	82	630	5,318	490	275	-	2,037	193,813
At 31 March 2020	171,293	7,770	-	-	522	5,851	348	408	-	2,746	188,938
Representing											
- cost	-	-	-	-	522	5,851	348	408	-	2,746	9,875
- valuation	171,293	7,770	-	-	-	-	-	-	-	-	179,063
	171,293	7,770	-	-	522	5,851	348	408	-	2,746	188,938

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

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	Total RM'000
Company						
2021						
Cost						
At 1 April 2020	33	102	85	30	314	564
Disposals	-	-	(2)	-	-	(2)
At 31 March 2021	33	102	83	30	314	562
Accumulated depreciation						
At 1 April 2020	23	58	64	28	158	331
Charge for the financial year	2	10	8	-	31	51
Disposals	-	-	* -	-	-	-
At 31 March 2021	25	68	72	28	189	382
Carrying amount						
At 31 March 2021	8	34	11	2	125	180

	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
2020							
Cost							
At 1 April 2019	33	102	78	30	314	175	732
Additions	-	-	9	-	-	-	9
Disposals	-	-	-	-	-	(175)	(175)
Written off	-	-	(2)	-	-	-	(2)
At 31 March 2020	33	102	85	30	314	-	564
Accumulated depreciation							
At 1 April 2019	21	48	57	28	127	134	415
Charge for the financial year	2	10	9	-	31	6	58
Disposals						(140)	(140)
Written off	-	-	(2)	-	-	-	(2)
At 31 March 2020	23	58	64	28	158	-	331
Carrying amount							
At 31 March 2020	10	44	21	2	156	-	233

** Representing amount less than RM1,000.*

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Year of valuation	Description of property	Basis of valuation
2021	Land and building	Open market value

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

	2021 RM'000	2020 RM'000
Group		
Freehold land	6,223	6,223
Buildings	58,184	60,393

(c) Included in the Group's property, plant and equipment with the net carrying amount of RM147.470 million (2020: RM150.549 million) that have been pledged to secure against banking facilities granted to the Group as disclosed in Note 18 to the financial statements.

(d) Included in the Group's property, plant and equipment are certain buildings was registered under the name of third-party amount of RM12.625 million (2020: RM12.625 million).

(e) Included in the Group's property, plant and equipment are freehold land and buildings carried at valuation amounted to RM19.451 million. The Group's policy is to measure the freehold land and buildings at fair value, based on valuations performed by external independent valuers with sufficient regularity to ensure that the fair value of the freehold land and buildings does not differ materially from the carrying amount as disclosed in Note 3.5(a) to the financial statements.

As disclosed in Note 2.7 to the financial statements, the Group is reducing the operating costs following the re-calibration of the Group's operating structure by right sizing the workforce and opt for furloughs its workers without sacrificing the quality of services during COVID-19 outbreak. In addition, the Group is avoiding incurrence of non-operating cost such as valuation cost to maintain sufficient cash flow for the Group's operation. Therefore, the Group did not engage external independent valuers to determine the fair value of freehold land and buildings in the current financial year.

Based on internal assessment, the Group did not expect significant change in the fair value as compared with the carrying amount of the freehold land and buildings despite the prevailing impact of COVID-19 outbreak on the hospitality industry.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

6. RIGHT-OF-USE ASSETS

(a) The details of right-of-use assets:

	Leasehold land RM'000	Lease building RM'000	Motor vehicles RM'000	Total RM'000
Group				
Valuation/Cost				
2021				
At 1 April 2020	50,601	7,195	337	58,133
Additions	-	1,290	-	1,290
Written off	-	(1,906)	-	(1,906)
Revaluation	1,341	-	-	1,341
Reclassification from accumulated depreciation	(733)	-	-	(733)
Exchange differences	-	6	-	6
At 31 March 2021	51,209	6,585	337	58,131
Accumulated depreciation and impairment				
At 1 April 2020	662	6,967	90	7,719
Depreciation	680	365	67	1,112
Written off	-	(1,906)	-	(1,906)
Reclassification to valuation/cost	(733)	-	-	(733)
Exchange differences	-	(13)	-	(13)
At 31 March 2021	609	5,413	157	6,179
Carrying amount				
At 31 March 2021	50,600	1,172	180	51,952
Representing				
- cost	-	1,172	180	1,352
- valuation	50,600	-	-	50,600

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

6. RIGHT-OF-USE ASSETS (CONTINUED)

(a) The details of right-of-use assets: (continued)

	Leasehold land RM'000	Lease building RM'000	Motor vehicles RM'000	Total RM'000
Group				
Valuation/Cost				
2020				
At 1 April 2019				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 16	50,601	-	337	50,938
Adjusted balance at 1 April 2019	50,601	-	337	50,938
Additions	-	6,973	-	6,973
Exchange differences	-	(45)	-	(45)
At 31 March 2020	50,601	6,928	337	57,866
Effect of adjustment (Note 34)	-	267	-	267
At 31 March 2020 (Restated)	50,601	7,195	337	58,133
Accumulated depreciation and impairment				
At 1 April 2019				
- As previously reported	-	-	-	-
- Effect of adoption of MFRS 16	-	-	23	23
Adjusted balance at 1 April 2019	-	-	23	23
Depreciation	662	3,625	67	4,354
Impairment	-	3,295	-	3,295
Exchange differences	-	8	-	8
At 31 March 2020	662	6,928	90	7,680
Effect of adjustment (Note 34)	-	39	-	39
At 31 March 2020 (Restated)	662	6,967	90	7,719
Carrying amount				
At 1 April 2019 (Adjusted)	50,601	-	314	50,915
At 31 March 2020 (Restated)	49,939	228	247	50,414
Representing				
- cost	-	228	247	475
- valuation	49,939	-	-	49,939

6. RIGHT-OF-USE ASSETS (CONTINUED)

(a) The details of right-of-use assets: (continued)

The Group's leasehold land generally has lease terms between 88 to 92 years.

The lease building was mainly for the office space and operation site. The leases for office space and operation site generally have lease term between 3 to 7 years.

The Group also leases motor vehicle with lease term of 5 years and have options to purchase the assets at the end of the contract term.

(b) The details of independent professional valuation of the 4 parcels of lands are as follows:

Year of valuation	Description of property	Basis of valuation
2021	Leasehold land	Open market value

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

	2021 RM'000	2020 RM'000
Group		
Leasehold land	27,256	27,620

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

7. INVESTMENT PROPERTIES

	Group 2021 RM'000	Group 2020 RM'000
Leasehold properties		
Cost		
At 1 April	4,101	4,101
Disposal	(345)	-
At 31 March	3,756	4,101
Accumulated depreciation		
At 1 April	773	709
Charge for the financial year	61	64
Disposal	(127)	-
At 31 March	707	773
Accumulated impairment loss		
At 1 April	501	501
Disposal	(48)	-
At 31 March	453	501
Carrying amount		
At 31 March	2,596	2,827
Fair value		
At 31 March	2,868	2,827

<u>Valuation of investment properties - Level 3 fair value</u>

The estimated fair values of the leasehold properties are determined based on the directors' estimation of the fair values of the investment properties. Such fair values are arrived at based on comparisons with prices of similar properties in the same location or adjacent locations. Location differences may significantly affect the estimates of the fair values.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

8. GOODWILL ON CONSOLIDATION

	Group 2021 RM'000	Group 2020 RM'000
Cost		
At 1 April/ 31 March	38,715	38,715
Accumulated impairment		
At 1 April/ 31 March	38,715	38,715
Carrying amount		
At 1 April/ 31 March	-	-

9. INVESTMENT IN ASSOCIATES

	Group 2021 RM'000	Group 2020 RM'000
At cost		
Unquoted shares	321	321
Shares of post acquisition reserves	(316)	(316)
Less: Impairment losses	(5)	(5)
	-	-

Details of associates are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %	Principal activities
Vacation Asia (Thailand) Limited	Thailand	49	49	Travel services and tours
Reliance Holidays (Thailand) Limited	Thailand	49	49	Travel services and tours

- These financial statements are not audited by Messrs Baker Tilly Monteiro Heng PLT.
- The Group has discontinued recognised of its share of losses 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.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

10. INVESTMENT IN SUBSIDIARIES

	Company 31.3.2021 RM'000	Company 31.3.2020 RM'000
At cost		
Unquoted shares	36,900	36,900
Less: Impairment losses	(10,400)	(10,400)
	26,500	26,500
Loans that are part of net investments	209,497	210,278
Less: Impairment losses	(23,769)	(12,706)
	185,728	197,572
	212,228	224,072

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 subsidiaries are as follows:

Name of company		Principal place of business/ Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %	Principal activities
Subsidiaries					
Hotel Division					
Direct subsidiaries					
Fortune Valley Sdn Bhd	(1)	Malaysia	100	100	Development and management of hotels
Avillion Hotel Group Sdn Bhd	(1)	Malaysia	100	100	Hotel and resort management
RPB Holdings (Overseas) Limited		British Virgin Islands	100	100	Investment holding

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %	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
# PT Avillion Indonesia	Indonesia	100	100	Management and advisory consultancy in hotel, property and tourism industry
Indirect subsidiaries held through RPB Holdings (Overseas) Limited				
Xplonet Investments Limited	British Virgin Islands	100	100	In liquidation
Property Division				
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; in liquidation
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

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of company		Principal place of business/ Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %	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; in liquidation
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-Com 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	(1)	Malaysia	100	100	Investment holding

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %	Principal activities
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
<u>Travel Division</u>				
Indirect subsidiaries held through RPB Holdings (Overseas) Limited				
* Australian Vacations 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
<u>Support Companies</u>				
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.

<u>Audit Modification</u>

(1) The auditors' reports of these subsidiaries for the financial year ended 31 March 2021 contain a qualified opinion on these financial statements in view of the following:
- fair value of freehold land and buildings

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

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

	Admiral Cove Development Sdn Bhd RM'000	Admiral Hill Hotel Sdn Bhd RM'000	Total RM'000
2021			
	20%	20%	
Carrying amount of NCI	3,045	197	3,242
Loss allocated to NCI	(753)	(88)	(841)

	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
2020				
	20%	40%	20%	
Carrying amount of NCI	3,249	-	285	3,534
Loss allocated to NCI	(296)	(15)	(83)	(394)

(b) Summarised statements of financial position

	Admiral Cove Development Sdn Bhd RM'000	Admiral Hill Hotel Sdn Bhd RM'000
2021		
Total assets	114,390	8,406
Total liabilities	(99,168)	(7,423)
Net assets	15,222	983

	Admiral Cove Development Sdn Bhd RM'000	RPB Hotel & Resort Management Sdn Bhd RM'000	Admiral Hill Hotel Sdn Bhd RM'000
2020			
Total assets	112,799	-	8,407
Total liabilities	(96,553)	-	(6,985)
Net assets	16,246	-	1,422

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

(c) Summarised statements of comprehensive income

	Admiral Cove Development Sdn Bhd RM'000	Admiral Hill Hotel Sdn Bhd RM'000
2021		
Revenue	4,204	-
Loss before tax	(3,816)	(440)
Income tax expense	49	-
Net loss for the year	(3,767)	(440)
Loss for the year allocated to NCI	(753)	(88)

	Admiral Cove Development Sdn Bhd RM'000	RPB Hotel & Resort Management Sdn Bhd RM'000	Admiral Hill Hotel Sdn Bhd RM'000
2020			
Revenue	11,131	-	-
Loss before tax	(1,552)	(21)	(415)
Income tax expense	70	-	-
Net loss for the year	(1,482)	(21)	(415)
Loss for the year allocated to NCI	(296)	(15)	(83)

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

(d) Summarised statements of cash flow

	Admiral Cove Development Sdn Bhd RM'000	Admiral Hill Hotel Sdn Bhd RM'000
2021		
Cash flow used in operating activities	(81)	-
Cash flow from investing activities	138	-

	Admiral Cove Development Sdn Bhd RM'000	RPB Hotel & Resort Management Sdn Bhd RM'000	Admiral Hill Hotel Sdn Bhd RM'000
2020			
Cash flow from/(used in) operating activities	290	-	(15)
Cash flow from investing activities	147	-	-
Cash flow from financing activities	-	-	15

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

11. INVENTORIES

	Group 2021 RM'000	Group 2020 RM'000
At cost:		
Non-current		
Property held for development		
- Freehold land	12,902	28,370
- Leasehold land	14,972	14,972
- Development costs	27,527	29,382
	55,401	72,724
Current		
Property under development		
- Freehold land	31,969	16,500
- Development costs	11,303	9,574
Completed properties	14,007	14,452
Trading merchandise	439	640
Others	103	118
	57,821	41,284
	113,222	114,008

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of continuing operations was RM4.435 million (2020: RM10.518 million) respectively.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

12. TRADE AND OTHER RECEIVABLES

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-current:				
Non-trade				
Other receivables	3,392	3,392	3,392	3,392
Less: Impairment losses	(3,392)	(3,392)	(3,392)	(3,392)
	-	-	-	-
Total other receivables (non-current)	-	-	-	-
Current:				
Trade				
Trade receivables	2,217	3,636	-	-
Less: Impairment losses	(153)	-	-	-
	2,064	3,636	-	-
Non-trade				
Other receivables	3,306	4,464	2,316	2,316
Deposits and prepayments	1,665	2,352	222	309
	4,971	6,816	2,538	2,625
Less: Impairment losses	(2,316)	(3,415)	(2,316)	(2,316)
	2,655	3,401	222	309
Total trade and other receivables (current)	4,719	7,037	222	309
Total trade and other receivables (current and non-current)	4,719	7,037	222	309

Trade receivables are non-interest bearing and normal credit terms offered by the Group and the Company range from 30 days to 90 days (2020: 30 days to 90 days).

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

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables

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

	Group	
	2021 RM'000	2020 RM'000
At 1 April	-	299
Charge for the financial year	153	-
Written off	-	(299)
At 31 March	153	-

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

	Group	
	2021 RM'000	2020 RM'000
Neither past due nor impaired	770	1,493
Past due but not impaired		
Past due 1 to 30 days	56	528
Past due 31 to 60 days	56	424
Past due 61 to 90 days	212	344
Past due 91 to 120 days	1,123	847
	1,447	2,143
Impairment losses	(153)	-
	2,064	3,636

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.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

13. AMOUNT OWING BY/(TO) SUBSIDIARIES

The amount due by/(to) subsidiaries are interest free, unsecured and repayable on demand.

14. FIXED DEPOSITS WITH LICENSED BANK

The fixed deposits totaling RM0.711 million (2020: RM1.298 million) have been pledged to banks from banking facilities granted to certain subsidiaries and hence, are not available for general use.

15. CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	4,308	4,786	2,203	2,190
Less: Cash held under Housing Development Account	(456)	(999)	-	-
	3,852	3,787	2,203	2,190

Included in cash and bank balances of the Group held RM0.456 million (2020: RM0.999 million) pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

16. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	2021 Units ('000)	2020 Units ('000)	2021 RM'000	2020 RM'000
Issued and fully paid up:				
At 1 April	944,407	858,552	213,429	200,551
Issued during the financial year	-	85,855	-	12,878
At 31 March	944,407	944,407	213,429	213,429

Effective from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

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.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

17. RESERVES

	Note	Group 2021 RM'000	Group 2020 RM'000 (Restated)	Company 2021 RM'000	Company 2020 RM'000
Foreign currency translation reserve	(i)	8,773	8,708	-	-
Revaluation reserve	(ii)	101,657	101,321	-	-
		110,430	110,029	-	-
Accumulated losses		(125,539)	(115,538)	(125,514)	(109,197)
		(15,109)	(5,509)	(125,514)	(109,197)

(i) 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.

(ii) Revaluation reserve

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

18. LOANS AND BORROWINGS

	Note	Group 2021 RM'000	Group 2020 RM'000 (Restated)	Company 2021 RM'000	Company 2020 RM'000
Non-current:					
Term loans	(a)	55,642	50,247	52,750	49,486
Lease liabilities	(b)	1,834	1,078	-	-
		57,476	51,325	52,750	49,486
Current:					
Bank overdraft					
- Secured	(c)	23,275	19,874	9,119	9,976
- Unsecured		1,901	1,356	1,901	1,356
Term loans	(a)	6,000	10,000	5,500	10,000
Lease liabilities	(b)	2,758	2,713	-	-
Revolving credit	(c)	10,772	11,275	9,550	9,775
		44,706	45,218	26,070	31,107

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

18. LOANS AND BORROWINGS (CONTINUED)

	Note	Group 2021 RM'000	Group 2020 RM'000 (Restated)	Company 2021 RM'000	Company 2020 RM'000
Total loans and borrowings:					
Bank overdraft					
- Secured	(c)	23,275	19,874	9,119	9,976
- Unsecured		1,901	1,356	1,901	1,356
Term loans	(a)	61,642	60,247	58,250	59,486
Lease liabilities	(b)	4,592	3,791	-	-
Revolving credit	(c)	10,772	11,275	9,550	9,775
		102,182	96,543	78,820	80,593

(a) Term loans

The Company has been granted with term loans as follows:

Term loan 1 of the Company of RM70 million from financial institution for a period of 13 years is to refinance the overdraft and term loan. The repayment is by instalment 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 as follows:

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

Term loan 2 of the Company of RM12 million from financial institution for a period of 3 years is to refinance the term loan and working capital. The repayment is by instalment commencing upon expiry of the 6 months grace period from the date of first drawdown. The effective interest rate is at 9% per annum and is secured over inventories of subsidiaries.

A subsidiary has been granted with term loan as follows:

Term loan 3 of a subsidiary of RM16 million from financial institution for a period of 5 years is to finance refurbishment and maintenance and repair related cost at Avillion Port Dickson Resort. The repayment is by instalment commencing upon expiry of the 24 months grace period from the date of first drawdown. The 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 property of the subsidiary;
(ii) Debenture over fixed and floating assets; and
(iii) Corporate guarantee by the Company.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

18. LOANS AND BORROWINGS (CONTINUED)

(b) Lease liabilities

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

	Group 2021 RM'000	Group 2020 RM'000 (Restated)
Minimum lease payment:		
Not later than one year	2,860	3,139
Later than one year and not later than 5 years	1,963	1,150
Later than 5 years	-	63
	4,823	4,352
Less: Future finance charges	(231)	(561)
Present value of minimum lease payments	4,592	3,791
Present value of minimum lease payments:		
Not later than one year	2,758	2,713
Later than one year and not later than 5 years	1,834	1,019
Later than 5 years	-	59
	4,592	3,791
Less: Amount due within 12 months	(2,758)	(2,713)
Amount due after 12 months	1,834	1,078

Included in the Group's lease liabilities on certain motor vehicles amounting to RM0.134 million (2020: RM0.186 million). Certain motor vehicles of the Group as disclosed in Note 6 to the financial statements 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 effective interest rate implicit in the leases ranging from 4.66% to 6.75% (2020: 4.66% to 6.15%) per annum.

(c) Bank overdraft and revolving credit

Bank overdraft and revolving credit are secured by way of:

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

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

19. DEFERRED TAX LIABILITIES

The component and movements of deferred tax assets and liabilities of the Group and the Company during the financial year are as follows:

	Revaluation of land and buildings RM'000	Property, plant and equipment RM'000	Total RM'000
Group			
At 1 April 2019	30,655	7,418	38,073
Recognised in profit or loss (Note 27)	(998)	(251)	(1,249)
At 31 March 2020	29,657	7,167	36,824
Recognised in other comprehensive income	1,340	-	1,340
Recognised in profit or loss (Note 27)	(998)	(542)	(1,540)
At 31 March 2021	29,999	6,625	36,624

	Property, plant and equipment RM'000	Total RM'000
Company		
At 1 April 2020/31 March 2021	16	16

Unrecognised deferred tax assets

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 2021, 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Tax effects of unused tax losses	31,169	30,060	9,997	9,466
Tax effects of unabsorbed capital allowance	179	104	16	3
Tax effects of other deductible differences	1,690	2,283	(45)	(52)
	33,038	32,447	9,968	9,417

19. DEFERRED TAX LIABILITIES (CONTINUED)

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The unused tax losses are available for offset against future taxable profits of the Group and the Company which will expire in the following years:

	2021	
	Group RM'000	Company RM'000
2025	24,267	7,926
2026	3,577	1,426
2027	1,352	114
2028	1,973	531
	31,169	9,997

20. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
Trade					
Trade payables	**(i)**	7,885	11,377	-	-
Non-trade					
Other payables	**(ii)**	10,950	6,487	6,765	3,727
Accrued expenses		3,290	3,951	338	206
Advance from a director	**(iii)**	3,376	3,073	3,376	3,073
		25,501	24,888	10,479	7,006

(i) Trade payables are non-interest bearing and the normal credit period granted to the Group range from 30 days to 90 days (2020: 30 days to 90 days).

(ii) Included in other payables is an amount of RM0.113 million (2020: RM0.279 million) owing to a director of a subsidiary. The amount is unsecured, interest free and repayable on demand.

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

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

21. CONTRACT LIABILITIES

	Group 2021 RM'000	Group 2020 RM'000
Contract liabilities relating to sale of membership fee	49	102
Contract liabilities relating to sale of property	469	108
Contract liabilities relating to sale of vouchers	227	-
	745	210

22. REVENUE

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Property development	5,659	14,516	-	-
Hotel and resort management	14,769	34,749	-	-
Tours operations and other travel related services	524	17,101	-	-
Management fee	-	-	660	1,612
	20,952	66,366	660	1,612
Timing of revenue recognition:				
At a point in time	19,549	62,735	660	1,612
Over time	1,403	3,631	-	-
	20,952	66,366	660	1,612

23. COST OF SALES

	Group 2021 RM'000	Group 2020 RM'000
Property development	2,762	6,394
Hotel and resort management	3,230	7,617
Tours operations and other travel related services	575	14,621
	6,567	28,632

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

24. FINANCE INCOME

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income from short term deposits	10	72	-	-
Interest income on financial instruments measured at amortised cost	-	-	1,190	530
Others	-	109	-	-
	10	181	1,190	530

25. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense on:				
- Term loan	3,363	3,921	3,126	3,886
- Bank overdrafts	1,573	1,721	807	885
- Revolving credit	813	1,044	693	839
- Amortisation on term loan upfront fee	23	23	23	23
- Lease liabilities	292	459	-	4
- Unwinding of discount on amount owing from a subsidiary	-	-	146	154
- Others	-	-	7	15
	6,064	7,168	4,802	5,806

26. LOSS BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at loss before tax:

	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
After charging:				
Auditors' remuneration:				
- statutory audit				
- current year	397	441	88	100
- prior year	(69)	114	(22)	98
- non-statutory audit	12	12	12	12

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

26. LOSS BEFORE TAX (CONTINUED)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at loss before tax: (continued)

	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
Depreciation of:				
- property, plant and equipment	7,770	7,409	51	58
- right-of-use assets	1,112	4,393	-	-
- investment properties	61	64	-	-
Impairment loss on:				
- investment in subsidiaries	-	-	11,063	1,836
- trade and other receivables	153	6,807	-	5,708
- right-of-use assets	-	3,295	-	-
Loss on deconsolidation of subsidiaries	1	50	-	-
Written off on:				
- property, plant and equipment	32	12	-	-
- investment in subsidiaries	-	-	-	10
- amount owing from subsidiary	-	-	25	268
- trade receivables	30	-	-	-
Net foreign exchange loss:				
- realised	7	5	3	-
- unrealised	-	-	76	375
Expenses relating to short term and low value assets	489	1,394	70	77
Directors' remuneration:				
- fees	150	193	150	193
- other emoluments	265	456	265	456
- defined contribution plans	9	23	9	23
Staff cost:				
- short term benefits	5,381	14,964	338	738
- defined contribution plans	780	1,562	46	94
And crediting:				
Waiver of:				
- amount owing to subsidiaries	-	-	-	19
- trade and other payables	14	232	-	-
Gain on disposal of property, plant and equipment	-	184	-	47
Gain on termination of hotel management agreement	-	2,379	-	-
COVID-19 related rent concessions income	1,680	-	-	-
Dividend income from a subsidiary	-	-	-	1,815

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

27. INCOME TAX EXPENSE

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Current income tax:				
- Current income tax charge	8	711	-	-
- Underprovision in prior year	134	337	-	-
	142	1,048	-	-
Deferred tax: (Note 19)			-	-
- Current	(1,477)	(1,249)	-	-
- Overprovision in prior year	(63)	-	-	-
	(1,540)	(1,249)	-	-
Income tax expense recognised in profit or loss	(1,398)	(201)	-	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Loss before tax	(15,599)	(22,519)	(16,317)	(13,165)
Tax at Malaysian statutory income tax rate of 24% (2020: 24%)	(3,744)	(5,405)	(3,916)	(3,160)
Different tax rates in other countries	(49)	135	-	-
Tax effects arising from:				
- Non-deductible expenses	3,799	10,122	4,070	5,029
- Income not subject to tax	(619)	(4,360)	(286)	(1,995)
- Origination/(utilisation) of deferred tax assets not recognised	142	(32)	132	126
- Crystallisation of deferred tax liabilities	(998)	(998)	-	-
- Adjustment in respect of current income tax of prior year	134	337	-	-
- Adjustment in respect of deferred tax of prior years	(63)	-	-	-
Income tax expense	(1,398)	(201)	-	-

28. LOSS PER SHARE

Basic loss per ordinary share

Basic loss per share is 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, calculated as follows:

	Group	
	2021	**2020**
Loss attributable to owners of the Company (RM'000)	(13,360)	(21,924)
Weighted average number of ordinary shares in issue (unit '000)	944,407	915,789
Basic loss per ordinary share (sen)	(1.41)	(2.39)

Diluted loss per ordinary share

Diluted loss per ordinary share is 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).

29. FINANCIAL GUARANTEE

	Company	
	2021	**2020**
	RM'000	**RM'000**
Corporate guarantee given by the Company to banks for credit facilities granted to the subsidiaries	20,614	16,140

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 was not recognised in the statements of financial position as they are unlikely to be called.

30. RELATED PARTIES

(a) Identification 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	
	2021 RM'000	2020 RM'000
Subsidiaries		
Management fee received	660	1,612
Dividend income received	-	1,815

(c) Compensation of key management personnel

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short-term employee benefits	1,105	1,996	381	693
Contributions to EPF	99	159	25	54
	1,204	2,155	406	747

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

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.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

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	Total RM'000
Group								
2021								
Segment assets and liabilities								
Assets								
Segment assets	175,753	236	176,274	144	2,004	12,210	-	366,621
Total assets								366,621
Liabilities								
Segment liabilities	27,094	221	7,854	8	3,158	90,093	-	128,428
Current tax liabilities							-	7
Deferred tax liabilities							-	36,624
Total liabilities								165,059
Additions to non-current assets (other than financial instruments and deferred tax assets)								
- Property, plant and equipment	2,828	-	8	-	-	3	-	2,839
- Right-of-use assets	1,290	-	-	-	-	-	-	1,290

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									
2021									
Revenue									
External	14,767	2	5,659	-	524	-	-		20,952
Inter-segment	-	-	-	-	-	1,140	(1,140)	(a)	-
	14,767	2	5,659	-	524	1,140	(1,140)		20,952
Results									
Segment (loss)/profit	(6,082)	(241)	(3,122)	65	(365)	(5,854)	-		(15,599)
Loss before tax									(15,599)
Income tax expense	1,354	-	43	1	-	-	-		1,398
Net loss for the financial year									(14,201)
Income:									
Interest income	-	-	5	-	5	-	-		10
Waiver of trade payables	-	-	-	-	14	-	-		14
Written back of amount owing to inter-company balances	-	25	55	66	-	-	(146)	(b)	-
Interest income on financial instruments measured at amortised cost	244	-	3,176	158	-	1,044	(4,622)	(c)	-

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									
2021									
Expense:									
Depreciation of:									
- Property, plant and equipment	6,022	23	1,512	14	73	126	-		7,770
- Right-of-use assets	694	42	376	-	-	-	-		1,112
- Investment properties	-	-	61	-	-	-	-		61
Staff cost:									
- Short term benefits	2,717	43	1,382	-	812	427	-		5,381
- Defined benefit plans	470	-	171	-	84	55	-		780
Written off on:									
- Amount owing by inter-company balances	-	-	55	66	-	25	(146)	(b)	-
- Property, plant and equipment	3	-	-	-	29	-	-		32
- Trade receivables	-	-	-	-	30	-	-		30
Unwinding of discount on amount owing from inter-company balances	846	-	3,175	13	-	588	(4,622)	(b)	-
Impairment loss on trade and other receivables	5	-	148	-	-	-	-		153
Loss on deconsolidation of subsidiaries	-	-	-	-	-	1	-		1

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

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	Total RM'000
Group								
2020								
Segment assets and liabilities								
Assets								
Segment assets	177,146	468	176,777	157	4,300	11,406	-	370,254
Total assets								370,254
Liabilities								
Segment liabilities	20,477	407	8,347	9	4,362	88,039	-	121,641
Current tax liabilities							-	335
Deferred tax liabilities							-	36,824
Total liabilities								158,800
Additions to non-current assets (other than financial instruments and deferred tax assets)								
- Property, plant and equipment	2,341	1	33	-	242	10	-	2,627

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									
2020									
Revenue									
External	34,272	477	14,516	-	17,101	-	-		66,366
Inter-segment	-	-	-	-	-	1,612	(1,612)	(a)	-
	34,272	477	14,516	-	17,101	1,612	(1,612)		66,366
Results									
Segment (loss)/profit	(5,020)	(28)	(946)	98	(1,877)	(14,746)	-		(22,519)
Loss before tax									(22,519)
Income tax expense	244	-	(44)	1	-	-	-		201
Net loss for the financial year									(22,318)
Income:									
Gain on disposal of property, plant and equipment	116	-	-	-	21	47	-		184
Interest income	-	-	20	-	52	-	-		72
Written back of amount owing to inter-company balances	482	-	13	106	158	19	(778)	(b)	-
Interest income on financial instruments measured at amortised cost	238	-	6,359	776	47	7,560	(14,980)	(b)	-

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									
2020									
Expense:									
Depreciation of:									
- Property, plant and equipment	5,266	20	1,894	14	81	134	-		7,409
- Right-of-use assets	3,580	39	357	-	417	-	-		4,393
- Investment properties	-	-	64	-	-	-	-		64
Written off of:									
- Property, plant and equipment	12	-	-	-	-	-	-		12
- Amount owing by inter-company balances	182	32	32	106	158	268	(778)	(b)	-
Staff cost:									
- Short term benefits	8,009	98	3,417	-	2,436	1,004	-		14,964
- Defined benefit plans	945	-	327	-	168	122	-		1,562
Unwinding of discount on amount owing from inter-company balances	225	-	6,359	621	83	7,692	(14,980)	(b)	-
Impairment loss on:									
- Trade and other receivables	393	-	-	-	706	5,708	-		6,807
- Right-of-use assets	2,304	-	-	-	-	991	-		3,295
- Investment in subsidairies	60	-	-	-	-	-	(60)	(b)	-
Loss on deconsolidation of subsidiaries	-	-	-	-	-	50	-		50

31. SEGMENT INFORMATION (CONTINUED)

Notes

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

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

32. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The financial instruments in the statement of financial position are being assigned as financial assets and financial liabilities at amortised cost ("AC").

	Note	Carrying amount RM'000	AC RM'000
Group			
2021			
Financial assets			
Trade and other receivables *	12	3,796	3,796
Fixed deposits with licensed banks		711	711
Cash and bank balances		4,308	4,308
		8,815	8,815
Financial liabilities			
Loans and borrowings	18	102,182	102,182
Trade and other payables ^	20	25,479	25,479
		127,661	127,661
2020			
Financial assets			
Trade and other receivables *	12	1,814	1,814
Fixed deposits with licensed banks		1,298	1,298
Cash and bank balances		4,786	4,786
		7,898	7,898
Financial liabilities			
Loans and borrowings	18	96,543	96,543
Trade and other payables ^	20	13,417	13,417
		109,960	109,960

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

32. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

The financial instruments in the statement of financial position are being assigned as financial assets and financial liabilities at amortised cost ("AC"). (continued)

	Note	Carrying amount RM'000	AC RM'000
Company			
2021			
Financial assets			
Trade and other receivables *	12	222	222
Amount owing by subsidiaries	13	5,174	5,174
Cash and bank balances	15	2,203	2,203
		7,599	7,599
Financial liabilities			
Loans and borrowings	18	78,820	78,820
Trade and other payables	20	10,479	10,479
Amount owing to subsidiaries	13	42,801	42,801
		132,100	132,100
2020			
Financial assets			
Trade and other receivables *	12	9	9
Amount owing by subsidiaries	13	5,543	5,543
Cash and bank balances	15	2,190	2,190
		7,742	7,742
Financial liabilities			
Loans and borrowings	18	80,593	80,593
Trade and other payables	20	7,006	7,006
Amount owing to subsidiaries	13	40,519	40,519
		128,118	128,118

** Exclude prepayments and GST refundable.*
^ Exclude SST payable.

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 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.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

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 or within 1 year RM'000**	**1 to 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**
Group					
2021					
Trade and other payables *	25,479	25,479	-	-	25,479
Term loans	61,642	9,009	41,543	24,732	75,284
Bank overdraft	25,176	23,676	1,500	-	25,176
Revolving credit	10,772	5,797	4,975	-	10,772
Lease liabilities	4,592	2,860	1,963	-	4,823
	127,661	66,821	49,981	24,732	141,534
2020					
Trade and other payables *	13,417	13,417	-	-	13,417
Term loans	60,247	13,002	54,151		67,153
Bank overdraft	21,230	21,230	-	-	21,230
Revolving credit	11,275	11,275	-	-	11,275
Lease liabilities	3,791	3,139	1,150	63	4,352
	109,960	62,063	55,301	63	117,427

** Exclude SST payable.*

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

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)

		<----------Contractual cash flows---------->			
	Carrying amounts RM'000	On demand or within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Financial liabilities					
Company					
2021					
Trade and other payables	10,479	10,479	-	-	10,479
Term loans	58,250	8,349	38,490	24,732	71,571
Bank overdraft	11,020	11,020	-	-	11,020
Revolving credit	9,550	5,075	4,475	-	9,550
Amount owing to subsidiaries	42,801	20,776	27,508		48,284
Financial guarantees	-	20,614	-	-	20,614
	132,100	76,313	70,473	24,732	171,518
2020					
Trade and other payables	7,006	7,006	-	-	7,006
Term loans	59,486	12,973	53,385	-	66,358
Bank overdraft	11,332	11,332	-	-	11,332
Revolving credit	9,775	9,775	-	-	9,775
Amount owing to subsidiaries	40,519	21,031	24,270	-	45,301
Financial guarantees	-	16,140	-	-	16,140
	128,118	78,257	77,655	-	155,912

32. FINANCIAL INSTRUMENTS (CONTINUED)

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

(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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
100 basis points increase				
Floating rate financial liabilities	947	885	713	80
100 basis points decrease				
Floating rate financial liabilities	(947)	(885)	(713)	(80)

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

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:

	2021 RM'000	2020 RM'000
Group		
Financial assets		
Trade and other receivables *	3,796	1,814
Fixed deposits with licensed banks	711	1,298
Cash and bank balances	4,308	4,786
	8,815	7,898
Financial liabilities		
Trade and other payables ^	25,479	13,417
Term loan	61,642	60,247
Bank overdraft	25,176	21,230
Revolving credit	10,772	11,275
	123,069	106,169
Company		
Financial assets		
Trade and other receivables *	9	9
Amount owing by subsidiaries	5,174	5,543
Cash and bank balances	2,203	2,190
	7,386	7,742
Financial liabilities		
Trade and other payables	10,479	7,006
Amount owing to subsidiaries	42,801	40,519
Term loans	58,250	59,486
Bank overdraft	11,020	11,332
Revolving credit	9,550	9,775
	132,100	128,118

** Exclude prepayments and GST refundable.*
^ Exclude SST payable.

The carrying amount of these financial assets and liabilities are 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.

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

32. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy

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.

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
Group						
2021						
Non-financial asset						
Investment properties	7	-	-	2,868	2,868	2,596
2020						
Non-financial asset						
Investment properties	7	-	-	2,827	2,827	2,827

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.

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 assumptions by the directors by referring to location and condition of the assets.

33. 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 interests bearing financial liabilities less cash and cash equivalents. Total capital refers to equity attributable to the owners of the Company.

	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
Loans and borrowings	102,182	96,543	78,820	80,593
Less: Cash and cash equivalents (excluding bank overdraft)	(4,308)	(4,786)	(2,203)	(2,190)
Net debt	97,874	91,757	76,617	78,403
Total equity	201,562	211,454	87,915	104,232
Gearing ratio (%)	49	43	87	75

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

34. COMPARATIVE FIGURES

Recognition of right-of-use assets

In the previous financial year ended 31 March 2020, the Group had recognised right-of-use assets ("ROU") and lease liabilities upon the adoption of MFRS 16 "*Leases*". The Group had recognised ROU assets and lease liabilities based on tenancy term as stipulated in the lease agreements. During the financial year, the Group had identified the under recognition of ROU assets and lease liabilities in the previous financial year. Accordingly, adjustments had been made retrospectively by debiting ROU assets and crediting lease liabilities while additional finance costs on ROU assets were charged to profit or loss.

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 2020			
Group			
Assets			
Right-of-use assets	50,186	228	50,414
Liabilities			
Non-current			
Loans and borrowings	3,565	226	3,791
Current			
Trade and other payables	6,566	(79)	6,487
Equity attributable to owners of the Company			
Accumulated losses	115,619	(81)	115,538

34. COMPARATIVE FIGURES (CONTINUED)

Effect of the adjustments are as follows: (continued)

Statements of Comprehensive Income

	Previously reported RM'000	Adjustments RM'000	Restated carrying amount RM'000 (Restated)
Financial year ended 31 March 2020			
Group			
Administrative expenses	(44,751)	99	(44,652)
Finance cost	(7,150)	(18)	(7,168)
Loss for the financial year	(22,399)	81	(22,318)
Loss attributable to:			
Owners of the Company	(22,005)	81	(21,924)
Losses per ordinary share attributable to Owners of the Company (sen)			
- Basic	(2.40)	-	(2.39)

Statements of Cash Flows

	Previously reported RM'000	Adjustments RM'000	Restated carrying amount RM'000 (Restated)
Financial year ended 31 March 2020			
Cash flows from operating activities			
Loss before tax	(22,600)	81	(22,519)
Changes in working capital			
Trade and other payables	221	(79)	142
Cash flows from financing activities			
Net repayment of lease liabilities	(3,687)	(41)	(3,728)

Notes to the Financial Statements (Cont'd)
For the Financial Year Ended 31 March 2021

35. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed several levels of Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group and the Company have accounted for the possible impacts of COVID-19 pandemic in their application of significant judgements and estimates for the financial year ended 31 March 2021 in determining the amounts recognised in the financial statements for the financial year ended 31 March 2021 as disclosed in Note 4 to the financial statements.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 March 2022 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

(b) The Group has issued 2,083,334 and 96,333,330 private placements of new ordinary shares at an issue price of RM0.12 on 21 June and 24 August 2021 respectively.

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 51 to 151 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 2021 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: 30 August 2021

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) 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 51 to 151 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 30 August 2021.

Before me,

…………………………………..
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AVILLION BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of Financial Statements

Qualified Opinion

We have audited the financial statements of Avillion Berhad, which comprise the statements of financial position as at 31 March 2021 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 51 to 151.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, 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 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis of Qualified Opinion

As disclosed in Note 5(e) to the financial statements, included in property, plant and equipment of the Group as at 31 March 2021 are freehold land and buildings carried at valuation amounted to RM19.451 million. The Group's policy is to measure the freehold land and buildings at fair value, based on valuations performed by external independent valuers with sufficient regularity to ensure that the fair value of the freehold land and buildings does not differ materially from the carrying amount as disclosed in Note 3.5(a) to the financial statements.

As disclosed in Note 2.7 and Note 5(e) to the financial statements, the Group is reducing the operating costs following the re-calibration of the Group's operating structure by right sizing the workforce and opt for furloughs its workers without sacrificing the quality of services during COVID-19 outbreak. In addition, the Group is avoiding incurrence of non-operating cost such as valuation cost to maintain sufficient cash flow for the Group's operation. Therefore, the Group did not engage external independent valuers to determine the fair value of freehold land and buildings in the current financial year.

Independent Auditor's Report to the Member of Avillion Berhad (Incorporated in Malaysia) (Cont'd)

Basis of Qualified Opinion (continued)

Accordingly, we were unable to obtain sufficient appropriate audit evidence on the fair value of the freehold land and buildings in property, plant and equipment as at 31 March 2021. Therefore, we could not determine, the effect of adjustment, if any, on the financial position of the Group as at 31 March 2021 or on its financial performance for the financial year then ended.

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence and Other Ethical Responsibilities

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.7 to the financial statements, which disclosed that the Group and the Company incurred a net loss of RM14.201 million and RM16.317 million respectively during the financial year ended 31 March 2021 and, as of that date, the Group's and the Company's current liabilities exceeded its current assets by RM2.519 million and RM53.909 million respectively thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. As described in the Basis for Qualified Opinion section above, we were unable to perform appropriate audit procedures to obtain sufficient and appropriate audit evidence that we considered necessary in relation to the fair value of the freehold land and buildings during our audit of the financial statements of the Group. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Independent Auditor's Report to the Member of Avillion Berhad (Incorporated in Malaysia) (Cont'd)

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. In addition to the matters described in Basis of Qualified Opinion, we have determined the matters below to be the key audit matters to be communicated in our report.

Group

Right-of-use assets (Note 6 to the financial statements)

The Group has significant balances of right-of-use assets relating to its hotel operations. The recent Movement Control Order ("MCO") has adversely affected the hotel's operating assets. This indicates that the right-of-use assets may be impaired. As such, there is risk the future performance of these assets may not lead to carrying values being recoverable in full. The Group has performed an impairment assessment to estimate the recoverable amount of these assets which involved significant judgement.

Our audit response:

Our audit procedures included, among others:

- reviewing the valuation methodology on recoverable amount adopted by the Group in accordance with the requirements of MFRS 136 *Impairment of Assets*;
- obtaining the external valuation reports and discussed with the external valuers about the results of their work;
- understanding the methodologies used by the external valuer to estimate market values; and
- testing the mathematical accuracy of the impairment assessment.

Independent Auditor's Report to the Member of Avillion Berhad
(Incorporated in Malaysia) (Cont'd)

Key Audit Matters (continued)

Group (continued)

Inventories (Note 11 to the financial statements)

The Group has significant balances of completed properties and properties held for development as at 31 March 2021. 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; and
- comparing the recent listed selling prices and transacted prices of comparable properties.

Revenue and corresponding costs recognition for property development activities (Note 22 and Note 23 to the financial statements)

The amount of revenue 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 performance obligation is determined by the survey of work performed and is determined by the architects and engineers for the stage of completion. We focused on this area because significant Group's 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 on the outcome of future events.

Our audit response:

Our audit procedures included, among others:

- understanding the Group's process in 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.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

Independent Auditor's Report to the Member of Avillion Berhad (Incorporated in Malaysia) (Cont'd)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

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.

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.

Independent Auditor's Report to the Member of Avillion Berhad (Incorporated in Malaysia) (Cont'd)

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: (continued)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.

Independent Auditor's Report to the Member of Avillion Berhad (Incorporated in Malaysia) (Cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that:

(a) we have not acted as auditors of the subsidiaries as disclosed in Note 10 to the financial statements;

(b) the accounting and other records for the matters as described in the Basis for Qualified Opinion section have not been properly kept by the Company in accordance with the provision of the Act; and

(c) we have not obtained all the information and explanations that we required for the matters described in Basis for Qualified Opinion.

Other Matters

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

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ong Teng Yan
No. 03076/07/2023 J
Chartered Accountant

Kuala Lumpur

Date: 30 August 2021

LIST OF TOP 10 PROPERTIES BY VALUE
AS AT 31 MARCH 2021

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	19 years	15,507	147,470	17.05.2021
2.	H.S.(D) 12303, 15353 and 18191, 3rd Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.		Leasehold (99 years expiry-2095)	18 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)	19 years	969,372	66,900	17.05.2021
2.	H.S.(D) 18699 PT 3413, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Land for development	Leasehold (99 years expiry-2097)	-	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-2097)	-	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	9,370	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 Geran 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 as at 31 March 2021 (Cont'd)

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 24 AUGUST 2021

Issued Share Capital	:	RM 225,239,599.680
Total Number of Issued Shares	:	1,042,823,414 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	one vote per ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 24 August 2021

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
less than 100	526	6.33	14,591	0.00
100 to 1,000	846	10.18	411,902	0.04
1,001 to 10,000	2,990	35.98	19,404,104	1.86
10,001 to 100,000	3,383	40.71	123,209,430	11.81
100,001 to 47324503 (*)	565	6.80	672,507,247	64.49
47324504 AND ABOVE (**)	1	0.01	227,276,140	21.79
TOTAL	**8,311**	**100.01**	**1,042,823,414**	**99.99**

REMARK : *** - LESS THAN 5% OF ISSUED HOLDINGS**
**** - 5% AND ABOVE OF ISSUED HOLDINGS**

REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	Direct Interest No. of Shares held	Direct Interest % of Issued Capital	Indirect Interest No. of Shares held	Indirect Interest % of Issued Capital
1.	Ibu Kota Developments Sdn Bhd	227,276,140	21.79	-	-
2.	Daza Holdings Sdn Bhd	-	-	227,276,140*	21.79
3.	Datuk Md Wira Dani Bin Abdul Daim	-	-	227,276,140**	21.79
4.	YAB Toh Puan Mahani Binti Idris	-	-	227,276,140**	21.79

* *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.*

DIRECTOR'S SHAREHOLDINGS

	Direct Interest No. of Shares	Direct Interest % of Issued Capital	Indirect Interest No. of Shares held	Indirect Interest % of Issued Capital
Tan Sri Dato' Sri Dr. Samsudin Bin Hitam	-	-	-	-
Datuk Roslan Bin Abdul Rahman	-	-	-	-
Onn Kien Hoe	-	-	-	-
See Ah Sing	-	-	6,000,000	0.58
Puan Norizan Binti Idris	-	-	-	-

Analysis of Shareholdings (Cont'd)
as at 24 August 2021

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	Holdings	%
1	IBU KOTA DEVELOPMENTS SDN BHD	227,276,140	21.79
2	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	42,809,520	4.11
3	YAYASAN POK RAFEAH, BERDAFTAR	41,649,900	3.99
4	DREAM CRUISER SDN. BHD.	33,850,500	3.25
5	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CLEARSTREAM BANKING S.A.	28,257,187	2.71
6	PRESTIGE AVENUE (M) SDN BHD	27,270,670	2.62
7	MOHAMED IZANI BIN MOHAMED JAKEL	26,660,900	2.56
8	GIGANTIC PROMOTIONS SDN. BHD.	23,707,125	2.27
9	LUQMAN BIN MOHAMED JAKEL	22,908,500	2.20
10	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PUAN CHAN CHEONG (MY4321)	21,250,000	2.04
11	IBU KOTA DEVELOPMENTS SDN BHD	20,021,450	1.92
12	GIGANTIC PROMOTIONS SDN. BHD.	18,500,000	1.77
13	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MURUGA VADIVALE	16,666,666	1.60
14	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KAREN LEE HOON YIN	16,666,666	1.60
15	LANDBELT CORPORATION SDN BHD	13,111,400	1.26
16	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JENNY LIM FEN FUA	10,000,000	0.96
17	MOHAMED FAROZ BIN MOHAMED JAKEL	10,000,000	0.96
18	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHAMED FAROZ BIN MOHAMED JAKEL (STF)	9,287,100	0.89

Analysis of Shareholdings (Cont'd)
as at 24 August 2021

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name	Holdings	%
19	AHMAD IKHWAN BIN HAMZAH	8,485,000	0.81
20	ONG MEEI CHYI	8,373,333	0.80
21	VAERSA CAPITAL SDN BHD	7,500,000	0.72
22	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR MAZMUR CAPITAL SDN BHD (PB)	7,000,000	0.67
23	MOHAMED FAROZ BIN MOHAMED JAKEL	6,471,300	0.62
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SULAIMAN ABDUL RAHMAN B ABDUL TAIB	6,086,000	0.58
25	KENANGA NOMINEES (TEMPATAN) SDN BHD LIM YOKE WEI	6,000,000	0.58
26	M-OCEAN HOLDINGS SDN BHD	5,147,915	0.49
27	FEROZ BIN A S MOIDUNNY	5,000,000	0.48
28	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR ABDUL RADZIM BIN ABDUL RAHMAN	4,800,000	0.46
29	NOOR AZREE BIN NORDIN	4,500,000	0.43
30	AIMAN BIN DAZUKI	4,351,000	0.42
	TOTAL	**683,608,272**	**65.56**

AVILLION BERHAD
Registration No. 199201013018 (244521-A)
(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 29th Annual General Meeting of **AVILLION BERHAD** will be held fully virtual at the Broadcast Venue at Level 10, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur on Thursday, 30 September 2021 at 2.00 p.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 2021 together with the Directors' and Auditors' Report thereon. **(Explanatory Note 1)**

2. To re-elect the following Directors who are retiring pursuant to Clause 100 of the Company's Constitution and being eligible, have offered themselves for re-election:

   i. Mr. Onn Kien Hoe; and **Resolution 1**

   ii. Datuk Roslan Bin Abdul Rahman **Resolution 2**

   (Explanatory Note 2)

3. To approve the payment of Directors' fees and other emoluments of RM174,000.00 for the financial year ended 31 March 2021. **Resolution 3**

4. To approve the payment of Directors' fees and benefits to Non-Executive Directors up to an amount not exceeding RM260,000.00 from 1 April 2021 until the next Annual General Meeting. **Resolution 4** **(Explanatory Note 3)**

5. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company for the financial year ending 31 March 2022 and to authorize the Directors to fix their remuneration. **Resolution 5**

As Special Business

6. To consider and, if thought fit, to pass the following resolution: - **Resolution 6** **(Explanatory Note 4)**

   Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

   "That pursuant to Sections 75 and 76 of the Companies Act 2016, 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."

7. **As Other Business**

   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.

Notice of Annual General Meeting
(Cont'd)

By Order of the Board

Wong Youn Kim
(MAICSA No. 7018778)
(SSM Practising Certificate No. 201908000410)
Company Secretary

Kuala Lumpur
Date: 30 August 2021

Notes :

REMOTE PARTICIPATION AND VOTING

1. The Broadcast Venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be physically present at the main venue in Malaysia. No shareholders/ proxies/corporate representatives shall be physically present at the Broadcast Venue on the meeting day. Members are advised to refer to the Administrative Guide which is available on the Company's corporate website at https:/www.avillionberhad.com/investor-relations/general-meeting/general-meeting-documents/, for the remote participation and voting at the AGM using the Virtual Meeting Facilities.

INFORMATION FOR SHAREHOLDERS/PROXIES

2. 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.

3. A member may appoint not more than 2 proxies to attend the same meeting.

4. 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.

5. 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.

6. 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.

7. The Proxy Form must be deposited at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

8. For the purpose of determining a member who shall be entitled to attend and vote at the 29th Annual General Meeting ("AGM"), the Company shall be requesting the Record of Depositors as at 24 September 2021. Only a depositor whose name appears on the Record of Depositors as at 24 September 2021 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.

Notice of Annual General Meeting (Cont'd)

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 and Datuk Roslan Bin Abdul Rahman who retire pursuant to Clause 100 of the Company's Constitution and being eligible, have offered themselves for re-election.

Clause 100 of the Company's 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 Clause 100 of the Company's Constitution are Mr. Onn Kien Hoe and Datuk Roslan Bin Abdul Rahman.

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 Clause 100 of the Company's Constitution 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. 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.

4. Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed resolution 6, 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.

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 29th Annual General Meeting of the Company are :-

   (a) Mr. Onn Kien Hoe (Clause 100)

   (b) Datuk Roslan Bin Abdul Rahman (Clause 100)

The Profiles of the Directors seeking for re-election are set out in the Company's 2021 Annual Report.

The details of the Directors' interest in the securities of the Company are set out in the Company's 2021 Annual Report.

AVILLION BERHAD
Registration No. 199201013018 (244521-A)
(Incorporated in Malaysia)

CDS Account No.	
No. of Shares Held	

PROXY FORM

29th Annual General Meeting

I/We ____ NRIC No: ____________________
(Name in Block Letters)

of ____
(Full Address)

Telephone No: ______________________ Email Address: ______________________________

being (a) member (s) of **AVILLION BERHAD, HEREBY APPOINT:**

i) Name of Proxy: ______________________________________ NRIC No: ____________________

Address: ____

______________________________________ No. of shares Represented: ____________________

Telephone No: ______________________ Email Address: ______________________________

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 29th Annual General Meeting of the Company to be held fully virtual at the Broadcast Venue at Level 10, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur on Thursday, 30 September 2021 at 2 p.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.

ORDINARY RESOLUTION		**FOR**	**AGAINST**
1.	To re-elect Mr Onn Kien Hoe who is retiring pursuant to Clause 100 of the Company's Constitution and being eligible, has offered himself for re-election		
2.	To re-elect Datuk Roslan Bin Abdul Rahman who is retiring pursuant to Clause 100 of the Company's Constitution and being eligible, has offered himself for re-election.		
3.	To approve the payment of Directors' fees and other emoluments of RM174,000.00 for the financial year ended 31 March 2021.		
4.	To approve the payment of Directors' fees and benefits to Non-Executive Directors up to an amount not exceeding RM260,000.00 from 1 April 2021 until the next Annual General Meeting.		
5.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company for the financial year ending 31 March 2022 and to authorize the Directors to fix their remuneration.		
6.	Authority to allot and issue of shares pursuant to Sections 75 and 76 of the Companies' Act, 2016		

____
Signature of Shareholder or Common Seal
Dated this _______ day of __________ 2021

NOTES:-

1. The Broadcast Venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be physically present at the main venue in Malaysia. No shareholders/ proxies/corporate representatives shall be physically present at the Broadcast Venue on the meeting day. Members are advised to refer to the Administrative Guide which is available on the Company's corporate website at https:/www.avillionberhad.com/investor-relations/general-meeting/general-meeting-documents/, for the remote participation and voting at the AGM using the Virtual Meeting Facilities.
2. 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.
3. A member may appoint not more than 2 proxies to attend the same meeting.
4. 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.
5. 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.
6. 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.
7. The Proxy Form must be deposited at Level 2, Tower 1, Avenue 5, Bangsar South City 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.
8. For the purpose of determining a member who shall be entitled to attend and vote at the 29th Annual General Meeting ("AGM"), the Company shall be requesting the Record of Depositors as at 24 September 2021. Only a depositor whose name appears on the Record of Depositors as at 24 September 2021 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.

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AFFIX
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AVILLION BERHAD
[199201013018 (244521-A)]

Level 2, Tower 1, Avenue 5,
Bangsar South City,
59200 Kuala Lumpur
Malaysia.

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AVILLION
BERHAD
(Registration No. 199201013018 (244521-A))

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