40th ANNIVERSARY

Huayang

Your dreams, made affordable®

Making DREAMS Affordable for 40 Years and Beyond

Annual
Report
2019

OUR CORE VALUES

A salute to 40 years of making homes affordable for Malaysians, the colourful illustration symbolises Hua Yang's accomplishments in empowering many to realise their dream of owning their first home. Hua Yang continues to forge ahead with a forward-thinking mindset that focuses on enriching the design experience to embody integrated lifestyles without compromising quality and safety. It is all about adopting a contemporary approach that merges nature with technology within a nurturing and sustainable environment.

OUR VISION

Provide affordable housing for a developing nation

OUR MISSION

- Empower all Malaysians to achieve their dream homes
- Protect and enhance the interest of our stakeholders
- Ensure quality in our products and performance

DEPENDABLE

The smallest details get our full attention as we develop homes that owners can be proud of

RELIABLE

Hua Yang aspires to offer quality and reliable homes

EFFICIENT

Performing efficiently is not a goal nor mission, it is our culture

AFFORDABLE

Providing Malaysians with affordable homes is our pioneering vision

MOTIVATED

We strive to do our best in building homes that meet the needs of Malaysians

SUSTAINABLE

Sustainability is key in building a home for generations

DREAMS

CONTENTS

ABOUT US

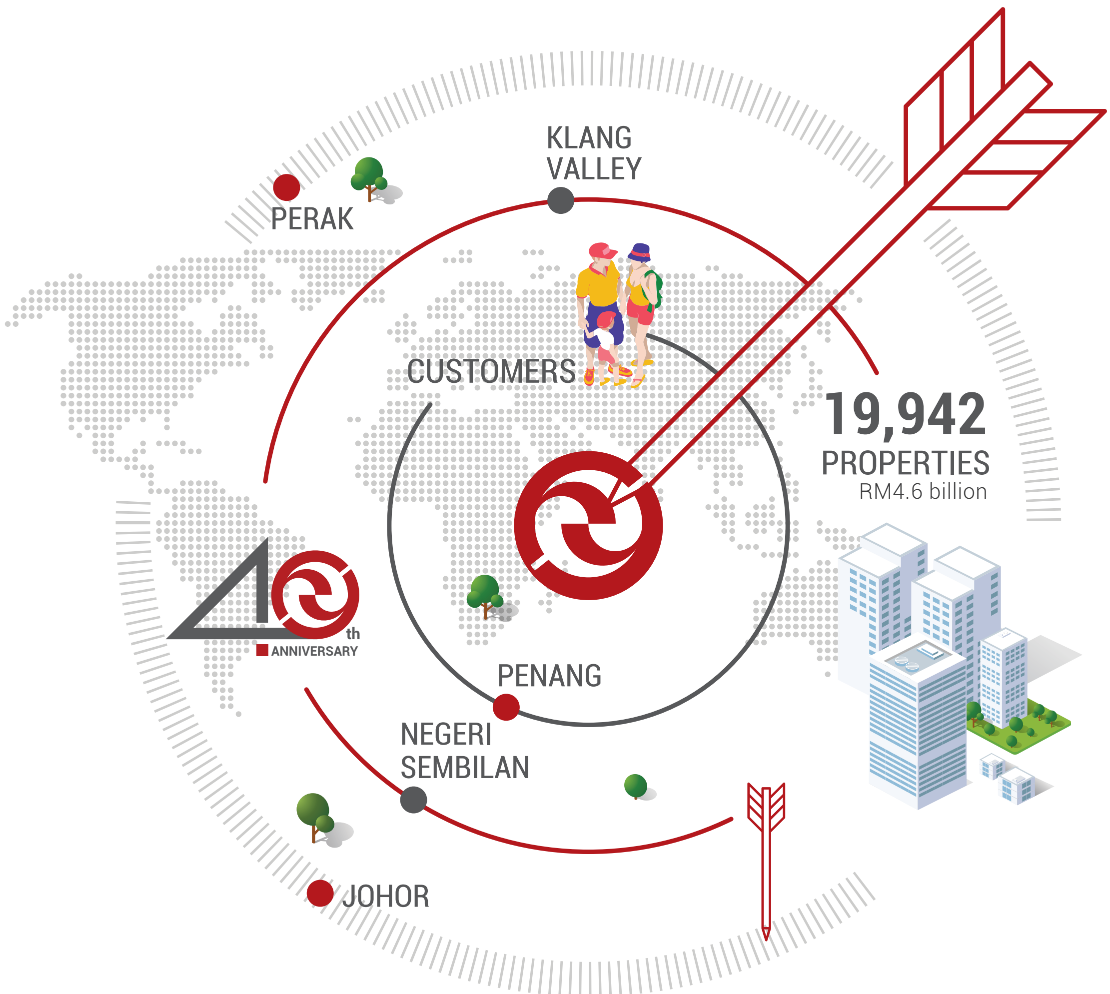
Huayang
Your dreams, made affordable®

For 40 years since its inception in 1978, Hua Yang Berhad has realised its vision to help make dreams of affordable home ownership a reality for many first-time buyers, and will continue to do so in generations to come. To date, we have completed more than 19,942 properties worth RM4.6 billion, and have realised thousands of dreams in Klang Valley, Johor, Perak, Negeri Sembilan, and now Penang.

Hua Yang has further strengthened its presence and is now recognised as one of the nation's leading property developers in the affordable home segment. This is a testament to the commitment of our dedicated workforce and the close rapport we have always strived to establish with our customers.

Building affordable homes is not our only ambition. With thoughtful and meticulous planning, our self-sustaining townships are a fusion of nature's wonders and modern innovations, which result in green spaces that help to raise living standards and improve quality of life.

Celebrating its 40 years in the industry, Hua Yang Berhad continues to forge ahead and make home ownership more affordable for all, especially the young generation of today.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Seri Dr. Ting Chew Peh
Chairman / Independent Non-Executive Director

Ho Wen Yan
Chief Executive Officer / Executive Director

Dato' Tan Bing Hua
Senior Independent Non-Executive Director

Ho Mook Leong
Non-Independent Non-Executive Director

Chew Po Sim
Non-Independent Non-Executive Director

Chew Hoe Soon
Non-Independent Non-Executive Director

Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud
Independent Non-Executive Director

Ho Wen Fan
Alternate Director to Chew Po Sim

AUDIT COMMITTEE

Chairman
Dato' Tan Bing Hua
Senior Independent Non-Executive Director

Members
Tan Sri Dato' Seri Dr. Ting Chew Peh
Independent Non-Executive Director

Chew Hoe Soon
Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Chairman
Dato' Tan Bing Hua
Senior Independent Non-Executive Director

Members
Tan Sri Dato' Seri Dr. Ting Chew Peh
Independent Non-Executive Director

Chew Hoe Soon
Non-Independent Non-Executive Director

NOMINATION COMMITTEE

Chairman
Tan Sri Dato' Seri Dr. Ting Chew Peh
Independent Non-Executive Director

Members
Dato' Tan Bing Hua
Senior Independent Non-Executive Director

Chew Hoe Soon
Non-Independent Non-Executive Director

COMPANY SECRETARIES

Leong Oi Wah (MAICSA 7023802)
Tan Hwai Lun (MIA 24085)
Lam Cho Wai (MIA 37324)

REGISTERED OFFICE

C-21, Jalan Medan Selayang 1
Medan Selayang, 68100 Batu Caves
Selangor Darul Ehsan
Tel : +603-6188 4488
Fax : +603-6188 4487
E-mail : kl@huayang.com.my

OFFICE IN MALAYSIA

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Fax : +603-6188 4487
E-mail : kl@huayang.com.my
Website : www.huayang.com.my

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(Jalan Kampar), 30250 Ipoh
Perak Darul Ridzuan
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Fax : +605-254 2625
E-mail : ipoh@huayang.com.my

Johor Branch
53 & 55, Jalan Besi
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Johor Darul Takzim
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Fax : +607-556 0388
E-mail : jb@huayang.com.my

Penang Branch
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Jalan Baru, 13700 Perai
Pulau Pinang
Tel : +604-386 6138
Fax : +604-386 6137
E-mail : pg@huayang.com.my

AUDITORS

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

PRINCIPAL BANKERS

AL Rajhi Banking & Investment Corporation (Malaysia) Berhad
Alliance Bank Malaysia Berhad
AMBank Berhad
Bangkok Bank Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)

Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7849 0777
Fax : +603-7841 8151/ 8152/ 8100

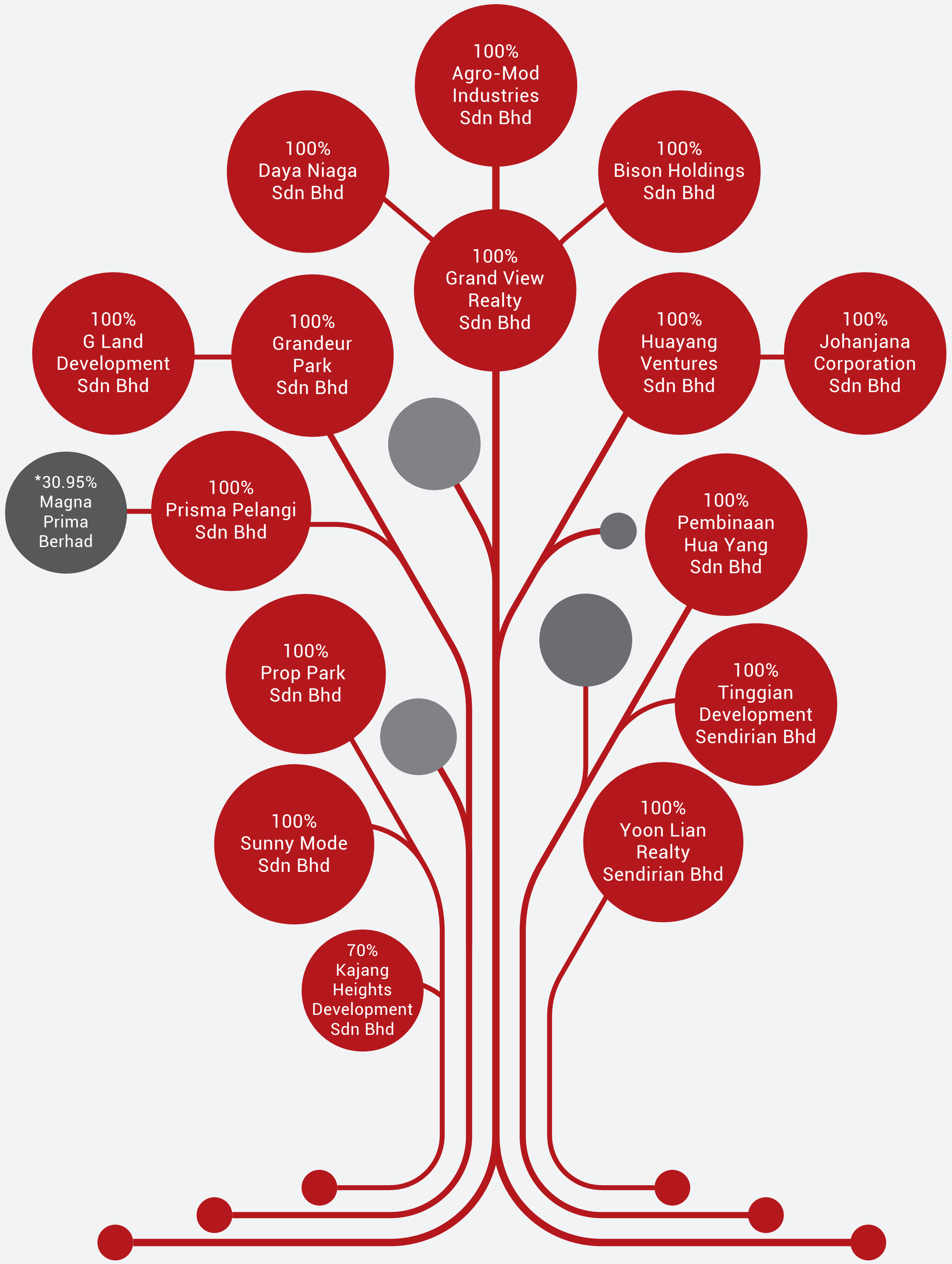
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Listed on : 29th November 2002
Stock name : HuaYang
Stock code : 5062
Sector : Properties

SHARIAH COMPLIANCE LISTING

Shariah Advisory Council of the Securities Commission Malaysia listing on 31st May 2019

CORPORATE STRUCTURE



*Investment in associate

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 MARCH	2015 RM' 000	2016 RM' 000	2017 RM' 000	2018^ RM' 000	2019 RM' 000
(A) KEY DATA OF OPERATING RESULTS:					
Revenue	583,576	575,740	385,358	227,357	**272,520**
(Loss)/Profit Before Tax	153,452	144,729	80,622	8,625	**(13,812)**
(Loss)/Profit After Tax	110,568	110,075	60,929	2,162	**(22,470)**
(Loss)/Profit Attributable To Equity Holders of the Company	110,568	110,075	60,929	2,162	**(22,230)**
(B) KEY DATA OF FINANCIAL POSITION:					
Total Assets	928,388	952,852	1,050,348	1,207,180	**1,196,123**
Total Borrowings	270,673	228,745	278,385	441,820	**403,082**
Shareholders' Equity	465,871	541,625	595,397	590,965	**562,566**
(C) FINANCIAL INDICATORS:					
Return on Equity (%)	24%	20%	10%	0%	**(4%)**
Return on Total Assets (%)	12%	12%	6%	0%	**(2%)**
(Loss)/Earnings Per Share (sen)	31.41#	31.27#	17.31	0.61	**(6.32)**
Gross Dividend Per Share (sen)	13.00	5.00	4.00	-	**-**
Net Dividend Per Share (sen)	13.00	5.00	4.00	-	**-**
Net Assets Per Share (RM)	1.76	2.05	1.69	1.68	**1.66**
Net Gearing Ratio	0.49	0.34	0.39	0.72	**0.69**
Net Assets	465,871	541,625	595,397	590,965	**585,143**

^Restated following the first-time adoption of MFRS framework

 # The comparative figures for earnings per share have been restated to reflect the adjustment arising from the bonus issue completed during the financial year 2017

OUR JOURNEY

1978

Hua Yang Berhad was incorporated on 28 December 1978 under a private limited company, Heng Po Sdn Bhd.

First project in Ipoh comprising 8 units of 4-storey shops at Jalan Gopeng, Ipoh. The project was completed in September 1981.

Jalan Gopeng, Ipoh

Bandar Universiti Seri Iskandar, Perak

1991

Acquisition of 838 acres of land in Bandar Universiti Seri Iskandar, Hua Yang's first integrated township in Perak consisting of residential and commercial units that was launched in year 2001.

1993

The Group expanded to the Southern region with an acquistion of 477 acres of freehold land in Johor Bahru for a township development, launched in March 2001.

Taman Pulai Indah, Johor

Image for illustration only

2002

Hua Yang was listed on Bursa Malaysia Main Board on 29 November.

2007

Acquisition of 17.89 acres of land in Sungai Besi to develop One South, a mixed development flagship project.

The 1st phase of One South was launched at the start of 2010.

Seri Kembangan, Klang Valley

OUR JOURNEY (CONT'D)

Medan Selayang, Klang Valley

2008

In October, the Group launched its first high-rise development in Klang Valley, Symphony Heights Serviced Apartments, which was successfully completed in November 2012.

The Group further expands in Johor with its progressive land acquisition of 140 acres to develop Taman Pulai Hijauan, a township consisting of residential and commercial units.

2010

At the beginning of 2010, the Group launched Senawang Link, an integrated commercial and industrial development project in Seremban.

Seremban, Negeri Sembilan

Seberang Perai, Penang

2015

The Group ventured into a new market by acquiring 4.9 acres of land in Bukit Mertajam, Penang.

Hua Yang further strengthened its presence in Penang via the acquisitions of 9.5 acres of land in Taman Juru and 8.59 acres of land in Seberang Prai.

2018

The Group launched its first project in Bukit Mertajam, Penang.

Meritus Residensi, a 44-storey tower with 480 units of serviced apartments and 15 retail shops is targeted to complete in July 2020.

Bukit Mertajam, Penang

OUR FOOTPRINT ACROSS MALAYSIA

PERAK

ERICA
Bandar Universiti Seri Iskandar

Strategically located in the bustling town of Bandar Universiti Seri Iskandar (BUSI), Perak, Erica comprises 250 double-storey terraced houses spread across 14 acres of land. Erica is perfect for families who are seeking to update their living space.

Erica presents practical living spaces with each unit measuring 20 ft x 60 ft with a built-up size of 1,481 sqft. Boasting 4 bedrooms and 3 bathrooms, the homes offer quality fittings and finishing, designed for comfortable living. With a modern, simple concept, each unit is a canvas for residents to design the space to suit their taste and creativity.

Launched in January 2017, Erica is priced from RM302,000 onwards, with a 5% Bumiputera discount for eligible buyers. Erica is a leasehold development with a tenure of 99 years.

PERAK

FREESIA
Bandar Universiti Seri Iskandar

Each unit of Freesia measures 22 ft x 60 ft with a built-up size of 880 sqft. The homes come with 3 bedrooms and 2 bathrooms, and is centered on offering residents a relaxing living space, complete with high ceilings for added comfort.

Built with practicality in mind, Freesia exudes an architecture concept with a modern, contemporary facade. Perfect for a small family, the homes allow for two cars and corner units come with a spacious garden area.

Launched in January 2017, Freesia is priced from RM220,000 onwards, with a 5% Bumiputera discount for eligible buyers. Freesia is a leasehold development with a tenure of 99 years.

Situated within the dynamic and fast-growing 777-acre township of BUSI, Erica and Freesia are nestled among a variety of amenities, including a Tesco Superstore, a KFC drive-thru restaurant, major universities (UiTM and Universiti Teknologi Petronas), police station, wet market, schools, banks and bus station terminals.

The township also has a good selection of national primary and secondary schools, Islamic schools and kindergartens. Also located in the vicinity is Kolej Vokasional Seri Iskandar, Sekolah Menengah Teknik Seri Iskandar and Institut Latihan Kemas Seri Iskandar. Healthcare facilities include clinics and a well-equipped medical centre.

OUR FOOTPRINT ACROSS MALAYSIA (CONT'D)

KLANG VALLEY

ASTETICA RESIDENCES
Seri Kembangan

Making waves in Klang Valley is Astetica Residences, the latest lifestyle serviced apartments located in the heart of Seri Kembangan. 34 storeys and 35 storeys in height, these towering residential masterpieces offer exquisite homes with comprehensive sky facilities and a range of practical layouts and built-up sizes suitable for large families, newly-weds and young adults alike.

KLANG VALLEY

AVIARY RESIDENCE
Puchong Horizon, Puchong

The 29-acre integrated development of Puchong Horizon is situated off the LDP highway. Enjoy a green environment combining residences and commercial components, where tropical landscaping is interwoven into elegant architecture.

Puchong Horizon is located next to the matured Puchong and Subang Jaya townships, ensuring long-term property value. Get easy access to highways like the LDP, ELITE, and KESAS, as well as education, shopping and medical hotspots - necessities in today's ultra connected world.

JOHOR

OVAL
Elemence, Taman Denai Alam

Launched in October 2017, OVAL @ Elemence at Taman Denai Alam comprises 64 cluster houses and 2 link bungalows. At the 73-acre township, Elemence is richly designed with tree-lined avenues, recreational gardens and green pockets.

With access and exit to at least six major routes and highways, Elemence is excellently connected to surrounding areas, whereby one can easily reach major towns like Pasir Gudang, the Masai town centre, and Johor Bahru city centre.

HIGHLIGHTS OF 2018-2019

04

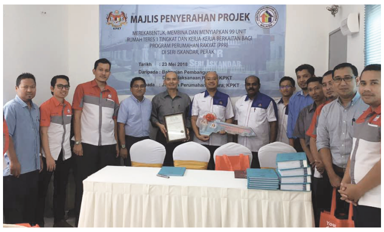
APRIL 2018

In-house training:
Sales Championship Mindset

Townhall Sessions

05

MAY 2018



Bandar Universiti
Seri Iskandar PPR Project Handover

06

JUNE 2018

Jamuan Raya

07

JULY 2018

Performance Management
System Refresher Course

Health Talk & Basic Health
Screening by KPJ Tawakkal

08

AUGUST 2018

39th AGM Media Briefing

In-house training: Delivering Hua
Yang Customer Buying Experience

09

SEPTEMBER 2018

In-house training: Enhance Your
Communication Skill

HIGHLIGHTS OF 2018-2019 (CONT'D)

10
OCTOBER 2018

In-house training:
Project Management

Citywood AGM

11
NOVEMBER 2018

Launching of myHuayang
staff portal

12
DECEMBER 2018

Opening of our 1st Kluang Station outlet @ One South

01
JANUARY 2019

In-house training: Construction Methodology: The Dynamics of Construction Method

02
FEBRUARY 2019

Majlis Penyerahan Kunci Rumah Perakku Program Perumahan Rakyat (PPR) Seri Iskandar, Perak

In-house training: The Dynamics of Construction Method

03
MARCH 2019

QLASSIC Special Appreciation Government Project Rumah Mampu Milik Johor

OUR NEWSBOARD

AFFORDABLE HOME DEVELOPER

Hua Yang has strong presence in Malaysia

ESTABLISHED in 1978, Hua Yang Bhd is today one of the leading affordable housing developers in Malaysia.

The group's vision of making affordable homes a reality has been its driving force for the past 40 years. With this passion, Hua Yang has completed more than 19,500 properties worth RM4.5 billion across its key regions in Klang Valley, Johor, Perak, Penang and Negeri Sembilan.

Hua Yang's foray into Johor Baru dates back to 1993. Today, the southern region is one of the key contributors to the group's revenue, thanks to a number of strong and in-demand housing projects in Pasir Gudang, Kangkar Pulai and Johor Bahru in Johor.

Some of the popular projects include Elemence, a new township development at Taman Denai Alam; Citywoods, comprising serviced apartments along Jalan Abdul Samad; two townships located along Jalan Pontian, Taman Pulai Hijauan and Taman Pulai Indah; and The Gardens @ Polo Park, which is a gated-and-guarded premier community at Taman Iskandar that comes with semi-detached homes and bungalows.

Hua Yang also offers commercial options for retailers in search of a fast-growing catchment population.

Some of its developments currently on sale include Elemence Phase One, specifically Oval, which has enjoyed a strong take-up of over 60 per cent.

Oval forms part of Parcel One and comprises 64 units of cluster homes and two units of link bungalows. This development is strategically located within Iskandar Malaysia's eastern corridor where demand for affordable homes are on the rise. The cluster homes are of 2,170 sq ft and priced RM680,000 each while the link bungalows are 2,569 sq ft in size with a price of RM905,995. The group will be launching Parcel Two of Oval, comprising 44 cluster homes and two link bungalows in January next year.

According to Hua Yang, there will be a series of special events planned throughout next year in line with the new launch, starting with The Unicorn World on January 12.

Limited units of Citywoods, which comprises two towers of serviced apartments, are also available and perfect for smaller families, it said.

Situated just a stone's throw away from the city centre and close to Singapore, Citywoods gives residents the opportunity to take in a breathtaking view of the Singapore skyline and the straits of Johor from their apartments. Units are sized from 764 sq ft (two-bedroom), with prices starting from RM426,000.

For those seeking to own a business in Johor, there is TPH-Link which comprises 87 units of double storey shop offices, located within Hua Yang's Taman Pulai Hijauan township. Limited Bumi units are available in Parcel One while Parcel Two, which is strategically facing Skudai-Pontian Highway, is now open for sale. Each unit measures 2,997 sq ft and is priced from RM750,000.

Taman Pulai Hijauan is easily accessible through multiple major highways and enjoys the advantages of the Skudai-Pontian corridor, with units in Parcel Two facing the highway at one of Johor's hottest growth areas.

As a developer that has made a niche in affordable housing, Hua Yang believes that affordability transcends pricing.

Factors such as accessibility, connectivity, amenities in the surrounding area and facilities offered within the development are important and well-considered by the group before introducing a new offering.

Leveraging its experience in the property sector that spans close to four decades, coupled with the group's expertise in delivering innovative, quality and affordable homes, Hua Yang is confident that its stable of developments in Johor matches demands in the local market.

An artist's impression of Citywoods, Hua Yang's development located along Jalan Abdul Samad in Johor Bahru city centre.

INFO BOX

19,500

Number of properties worth RM4.5b completed by Hua Yang

房产销售走高

华阳第三季赚 577 万

（吉隆坡 24 日讯）由于旗下产业项目的销售贡献走高，华阳（HUAYANG，5062，主板产业股）截至去年 12 月底的 2019 财年第三季，净赚 577 万 2000 令吉，相等于每股 1.64 仙；上财年同季为净亏 81 万 5000 令吉。

华阳昨天向交易所报备，营业额按年上涨 37.1%，报 6842 万 4000 令吉，高于上财年同季的 4991 万 2000 令吉。

首三季净利翻近 4 倍

华阳指出，营业额和税前盈利改善，归功于 Astetica 和斯里肯邦安的住宅项目，以及斯里依斯干达大学城项目的销售贡献走高。

累积首三季，净利按年大涨 3.9 倍，报 868 万 4000 令吉；营业额按年上扬 41.2%，写 1 亿 9951 万 1000 令吉。

财务总监陈伟伦（译音）发文告指出，公司旗下项目的定价是根据市场的需求，再加上为购屋者提供诱人的配套，贡献业绩的表现。

"迈入新的一年，我们的战略是推出新的项目，并更加重视新项目的营销方式，以及在已完成和正在进行的项目中交出更强劲的销售。"

他也点出，巴生谷的项目是最大功臣，贡献当季的营业额 35%；其次为柔佛州，贡献 32%，怡保贡献 16%，槟城贡献 14%，以及森美兰贡献 3%。

目前，公司共有 466 英亩的土地有待发展，发展总值达 53 亿令吉。

相信是受到业绩出色的激励，华阳今天的股价大幅上涨，闭市时报 39 仙，起 2 仙或 5.41%，成交量有 322 万 3600 股。

Hua Yang sasar jualan RM400 juta

Oleh NABILA YASMIN RAZIB
ekonomi@utusan.com.my

■ KUALA LUMPUR 29 OGOS

HUA Yang Bhd. (Hua Yang) menyasarkan jualan sebanyak RM400 juta dan optimis mampu mencapai sasaran tersebut bagi tahun kewangan 2019.

Ketua Pegawai Eksekutif Hua Yang, Ho Wen Yan berkata, sasaran itu turut dipacu oleh pelancaran projek-projek baharu di perbandaran sedia ada dan di Bukit Mertajam, Pulau Pinang.

Katanya, prospek industri pembinaan yang dilihat positif pada tahun ini juga dijangka menjadi antara faktor yang mengukuhkan keyakinan syarikat mencapai sasaran jualan berkenaan.

"Tahun lalu syarikat merekodkan jualan sekitar RM220 juta di sebalik kelembapan industri hartanah, namun kami percaya dengan penawaran lebih banyak hartanah mampu milik serta jualan hartanah sedia ada syarikat akan mampu merekodkan jualan yang lebih baik pada tahun ini," katanya kepada pemberita selepas Mesyuarat Agung Tahunan Hua Yang di sini hari ini.

Dalam perkembangan lain Wen Yan berkata, syarikat tidak merancang untuk membuat sebarang pengambilalihan tanah baharu bagi meningkatkan jumlah bank tanahnya dalam tempoh terdekat berikutan pasaran hartanah yang dijangka kekal mencabar.

"Strategi syarikat pada tahun ini adalah untuk memberi fokus terhadap pelancaran baharu dan meletakkan lebih banyak penekanan terhadap inisiatif pemasaran bagi mempromosikan produk jualan yang lebih kukuh," katanya.

Sehingga akhir Mac 2018, Hua Yang memiliki bank tanah berjumlah 192.63 hektar dengan anggaran nilai pembangunan kasar sebanyak RM5.2 bilion, manakala jualan tidak dibilkan berjumlah RM179 juta.

Hua Yang merekodkan keuntungan selepas cukai berjumlah RM4.4 juta bagi tahun kewangan 2018, susut RM60.9 juta berbanding tahun sebelumnya.

Bagi tahun kewangan tersebut, jualan daripada projek pembangunannya di Johor menyumbang 35 peratus atau RM78 juta kepada hasil jualan tahunan syarikat diikuti Lembah Klang sebanyak 26 peratus (RM57 juta); Perak 21 Peratus (RM46 juta); Pulau Pinang 14 peratus (RM32 juta) dan Negeri Sembilan empat peratus (RM9 juta).

未来盈利有望改善 华阳评级维持

擂台阵

华阳（HUAYANG，5062，主板产业股）
闭市价：46仙（-0.5仙）
成交量：49万7100股

华阳2019财政年首季（截至3月31日止）营业额按年提高41%，至6650万令吉，但净利却按年大跌46%，至100万令吉，归咎于利息和税务大增。首季净利息成本大增420%。由于部份费用不可扣税，有效税率也从去年同期的37.9%，增至70.5%。

分析员继续中和看待该公司前景，并维持目标价。

兴业投行 RHB Investment Bank
投资建议：中和

首季，来自玛拿第一（MAGNA，7617，主板产业股）的贡献趋稳，达100万令吉。

销售从去年末季的8370万令吉，减少至首季的6330万令吉，距离管理层全年销售目标4亿令吉还很远。我们希望，雪兰莪蒲种的Aviary Residence项目可带动未来几个季度的销售。

该公司打算在2019财政年，推出总值2亿8400万令吉的新盘。

将在2020年7月完工的Astetica Residences和Meritus Residens1项目，目前的认购率依然偏低，分别只有19.3%和39.9%。因此，该公司将继续专注于促销这几个项目。

我们维持「中和」评级和50仙的目标价。

肯纳格研究 Kenanga
投资建议：与大市同步

我们相信，该公司未来几个季度的业绩会改善，因为销售预期将提高，同时，根据工程进度收取的账款和有效税率正常化。

我们预测，该公司全年的房地产销售将达2亿4970万令吉，首季销售额达6330万令吉，符合进度。我们乐观看待该公司的滞销房产减少了27%，但在完成收购雪兰莪加影土地之后，净负债率从0.72倍提高至0.80倍，导致现金流仍然紧张。

在目前的市场情况下，该公司的销售成绩还算不错，相信盈利会改善。

我们维持2019至2020财政年的盈利预测、「与大市同步」评级和46.5仙的目标价。

达证券
投资建议：守住

首季税前盈利占我们全年预测的21%，但受税务拖累，净利只占我们全年预测的9%。

由于进行中的项目即将完工，按工程进度收取的账款减少，营业额和净利分别按季下滑23%和67%。

首季销售额按年增加19%、按季下滑24%。大部份来自已经完工的项目，如雪兰莪的One South、柔佛的Citywoods和Polo Park。这3个项目贡献首季销售的50%。截至今年6月杪，华阳的未入账销售为2亿零100万令吉，高于前一个季度的1亿7900万令吉。管理层有信心，2019财政年的表现将好转，并将全年销售目标维持在4亿令吉。

该公司希望在2019财政年结束前，将净负债率从0.8倍，降至0.6倍。

该公司近期打算保存资金以推动业务成长，并承诺在盈利稳定成长和现金流改善之后，开始派发股息。

我们维持「守住」评级和49仙的目标价。

Hua Yang seen to perform better in coming quarters

Hua Yang Bhd
(July 19, 46 sen)

Maintain market perform with an unchanged target price of 46.5 sen: Although only making up 10% and 12% of our and consensus full-year estimates, we deem Hua Yang Bhd's first quarter ended June 30, 2018 (1QFY19) results to be in line as we are banking on a stronger performance in subsequent quarters, backed by better sales, progressive billings and normalised effective tax rate by the second half of FY19 (2HFY19).

Property sales of RM63.3 million are on track to meet our target of RM249.7 million. No dividend declared as expected.

Hua Yang's 1QFY19 revenue saw a major improvement of 39% year-on-year but core net profit (CNP) was down by 41%. We believe the revenue growth was backed by better sales from inventories and also ongoing projects, while the sharp drop in CNP was due to a 122% increase in taxes as some of its expenses are non-deductible and higher net interest cost, which rose 420%.

Positively, earnings before interest and tax margins improved by 3.5 percentage points to 9.6% driven by the improvement in revenue. Quarter-on-quarter (q-o-q), both revenue and CNP fell by 23% and 67%, respectively. The drop in revenue was mainly due to the lack of handover of projects for the quarter, which solely relied on property sales and progressive billings.

Notably, we are positive with its inventories from completed projects coming down by 27%, but cash flows remain tight with its net gearing creeping up to 0.8 times from 0.72 times, arising from the completion of the Kajang land acquisition.

Despite the challenging operating landscape in the property sector, we believe that Hua Yang is on the right path to recovery given its focus on clearing inventories. Its unbilled sales in 1QFY19 improved by 12% q-o-q, from RM178.9 million to RM201.4 million with one-year visibility.

Post results, we make no changes to our FY19 estimate (FY19E) and FY20E earnings for now as we are banking on stronger performance in subsequent quarters.

To recap, previously we lowered our revalued net asset value (RNAV) from RM2.84 to RM2.81 as we had lowered our project margin assumptions in our RNAV to better reflect the current margin trend, while maintaining our RNAV discount of 83%.

We believe its profitability would improve, backed by its recent sales performance, which we deem to be encouraging under current market circumstances. — *Kenanga Research, July 19*

OUR NEWSBOARD (CONT'D)

HUA YANG BACK IN THE BLACK IN THIRD QUARTER

PETALING JAYA: Hua Yang Bhd posted a net profit of RM5.77 million for the third quarter ended Dec 31, 2018, from a net loss of RM815,000 a year ago mainly attributed to property development driven by higher sales contribution from Astetica Residence, Seri Kembangan and Bandar Universiti Seri Iskandar. The group's revenue rose 37% to RM68.42 million compared with RM49.91 million in the previous year's corresponding quarter. For the nine-month period, its net profit surged almost five fold to RM8.68 million from RM1.77 million a year ago, while revenue increased 41.2% to RM199.51 million from RM141.30 million.

Hua Yang nine-month profit above expectations

Hua Yang Bhd
(Jan 24, 39 sen)

Upgrade to outperform with an unchanged target price (TP) of 41 sen: Cumulative nine months for the financial year 2019 (9MFY19) core net profit (CNP) of RM8.7 million came above both our and consensus estimates, at 133% each of full-year estimates.

The positive deviation came mainly from stronger-than-expected property billings and stronger contribution from its associate — Magna Prima Bhd (TP:35.5 sen). Property sales of RM239.7 million also came in higher than our estimated FY19 (FY19E) sales target at 96%, of which Astetica Residences project made up about 37% of the sales.

Our sales target was previously overly conservative as the group had previously been unable to meet its own sales target. No dividend was declared as expected.

9MFY19 CNP increased by close to four times to RM8.7 million driven by better billings from its ongoing projects and sales from its completed units, which saw inventories falling by 29%, positive contribution from its associate Magna Prima of RM3.7 million (versus a loss of RM1.5 million in 9MFY18), and lower effective tax rate at 43% (-30 percentage points [ppts]). The previously high effective tax rate was due to the non-deductible tax expense arising from borrowings they took to acquire Magna Prima in 2018.

The third quarter (3QFY19) CNP was higher by 204% mainly from improvement in earnings before interest, taxes, depreciation and amortisation margin to 15% (+4ppts), likely from recognition of better margin products and lower operating costs, lower net interest expense (-22%), stronger contribution from its associate (+46%), and lower effective tax rate at 28% (-20ppts) from the same reason above.

Despite the challenging operating landscape in the property sector, we think that Hua Yang is on the right path given their continuous effort in clearing inventories as shown by the 29% drop (from FY18 to 9MFY19) in inventories from completed projects.

Moreover, we are also comforted by the group's commitment to lower its net gearing as shown by the recent disposal of a 30% stake in Kajang Heights Land for RM21 million completed in October 2018 that saw net gearing now at 0.7 times.

We expect to see more aggressive efforts to reduce gearing with FY19 to FY20E net gearing estimated at 0.69 to 0.67 times.

Unbilled sales currently stand at RM217.3 million, providing slightly less than one year of earnings visibility.

Post results, we increased our FY19-20E earnings to RM11.0-13.4 million after revising our sales target up to RM300 million. We are also factoring in the stronger-than-expected associate contribution seen in 9MFY19.

Our sales target is still lower than the management's guided sales target of RM400 million for FY19 because we prefer to remain conservative as Hua Yang had previously been unable to meet its own sales target for four consecutive financial years.

Our TP is left unchanged and is based on a RNAV discount of 85% (at historical high level) to its RNAV of RM2.74.

We will only seek to review our TP should Hua Yang shows stronger earnings over the next one to two quarters as previously earnings had been volatile.

However, we upgrade our call to "outperform" as share price has seen a sharp retracement recently. At our current TP, our valuation implies a forward FY19 to FY20E price-to-book value of 0.2 to 0.2 times, which is still at its historical trough levels. — *Kenanga Research, Jan 24*

Hua Yang Bhd

FYE MARCH (RM MIL)	2018A	2019E	2020E
Turnover	230.7	251.4	252.2
Ebit	21.3	27.9	30.5
PBT	11.6	18.3	19.2
Net profit (NP)	4.4	11.0	13.4
Consensus (NP)	NA	6.5	10.4
Earnings revision	NA	68	71
EPS (sen)	1.3	3.1	3.8
EPS growth (%)	-93	149	22
NDPS (sen)	2.0	0.0	0.0
NTA/share (RM)	1.65	1.83	1.86
PER (x)	29.5	11.9	9.7
Price/NTA (x)	0.2	0.2	0.2
Net gearing (x)	0.7	0.7	0.7
Dividend yield (%)	5.4	0.0	0.0

Source: Kenanga Research

Hua Yang to maintain sales target of RM400m for FY19

KUALA LUMPUR: Property developer Hua Yang Bhd is maintaining last year's target sales of RM400 million for the financial year ending March 31, 2019 (FY19).

Chief executive officer Ho Wen Yan said the company is optimistic about achieving the sales target, banking on new property launches worth RM284 million in the Klang Valley, Johor, Ipoh, and Penang.

"All these projects are within the affordable category, priced at less than RM450,000 per unit, and we are optimistic that these developments will be well received.

"Last [financial] year (FY18) the property market was really soft as we only achieved sales of RM222 million, hopefully this [financial] year, it will improve given that the sector will not be affected by the sales and services tax," he told reporters after the company's annual general meeting here yesterday.

Ho said Hua Yang is unlikely to pursue any new land acquisition in the near term as the company's strategy remains in pacing new launches and putting more emphasis on marketing initiatives to promote new products, as well as delivering stronger sales.

As of end-March 2018, the company's land bank across key regions amounted to 192.43ha with an estimated gross development value of RM5.2 billion, while unbilled sales stood at RM179 million.

"Priority will be on driving sales and efficiently managing our capital resources.

"We may be moving into a more measured pace currently, but should the property market turn more favourable, we are confident that we have the available land bank to accelerate our launches and return to a sustainable growth path," Ho said. — *Bernama*

Ho: Priority will be on driving sales and efficiently managing our capital resources. The Edge file photo

发展策略效果显现 华阳前景看好

焦点评析

华阳（HUAYANG，5062，主板产业股）最新出炉的业绩成功扭亏为盈，加上积极减少房屋库存和改善现金流的策略，效果开始显现，分析员因此看好该公司发展前景。

华阳2019财政年第3季（截至12月31日止）扭亏为盈，净赚577万令吉；营业额亦按年提高37.09%，至6842万令吉。

该公司首9个月净利按年暴涨近4倍，至868万令吉，2018财政年同期赚52万令吉；营业额则按年大增41.2%，至1亿9951万令吉。

肯纳格研究分析员表示，华阳首9个月的核心净利（CNP），高于他们和市场预期，占全年预测的133%，主要因为房产订单比预期佳，而旗下的同事第一（MAGNA，7617，主板产业股）也作出强劲的贡献。

分析员指出，「该公司取得2亿3970万令吉的房产销售，占我们2019财政年房产销售预测的96%，但我们对今年的房产销售预估较保守，该公司不打算派息，与我们预期相符。」

另外，同事第一带来370万令吉的盈利贡献，2018财政年同期是150万亏损，同时，这期间的有效税率也降低至43%。

展望未来，尽管房产领域陷入低迷，达证券分析员相信，华阳目前积极减少房产库存和改善现金流的发展策略处于正确的轨道上。

分析员指出，该公司近期以2100万令吉脱售Kajang Heights Land项目30%股权后，净负债率减少至0.7倍，有助改善该公司的资产负债表。

肯纳格研究分析员指出，相较于2018财政年，该公司2019财政年首9个月的库存减少29%。

分析员预计，该公司将在2019至2020年财政年降低净负债率至介于0.69到0.67倍之间。目前，该公司的未入账销售为2亿1730万令吉，可支撑1年的盈利。

分析员提高该公司2019至2020财政年的销售预测至3亿令吉和纳入联号公司的贡献后，将该公司盈利预测调高至1100万至1340万令吉。

管理层2019财政年的销售目标为4亿令吉，高于分析员的预测，但由于该公司之前已连续4个财政年没有达标，因此分析员也没有抱持太大的期望。

肯纳格研究分析员将该股投资评级「与大市同步」上修至「超越大市」，目标价为41仙；达证券分析员的目标价则为44仙，并给予「买进」评级。

Hua Yang tumpu pelancaran baharu

Untung bersih syarikat naik lebih lima kali ganda

Oleh Nasuha Badrul Huzaimi
nasuha@bh.com.my

Peneraju dalam sektor perumahan mampu milik, Hua Yang Bhd (Hua Yang) akan mengekalkan strateginya melancarkan projek pembangunan baharu dengan penekanan yang lebih diberikan kepada inisiatif pemasaran.

Ketua Kewangannya, Joe Tan berkata strategi itu diambil bagi mempromosikan projek baharu, di samping mencapai jualan yang lebih kukuh dalam projek yang sudah siap dan sedang berjalan.

Katanya, Hua Yang kini berada dalam landasan yang betul untuk meraih kejayaan dan ia dibuktikan menerusi keputusan kewangan yang semakin meningkat setiap suku tahun.

"Strategi peletakan harga bagi setiap projek yang dijalankan mengikut keperluan pasaran, di samping menawarkan pakej menarik kepada pembeli juga menyumbang kepada keputusan baik itu.

"Walaupun perjalanan kami masih panjang, saya yakin dengan terus menganalisis landskap operasi, mengukuhkan teras perniagaan, kami akan mencapai matlamat yang ditetapkan," katanya dalam satu kenyataan di Kuala Lumpur, baru-baru ini.

Untung bersih RM8.6 juta

Syarikat itu mencatatkan keuntungan selepas cukai sebanyak RM8.6 juta pada sehingga penutup suku ketiga tahun kewangan 2019, peningkatan lebih lima kali daripada RM1.8 juta yang dicatat dalam tempoh sama tahun lalu.

Perolehan bagi tempoh sembilan bulan pertama Hua Yang bagi tahun kewangan 2019 berada pada RM200 juta, meningkat daripada RM141.3 juta yang dicatat pada 2018.

Bagi suku dikaji, kumpulan itu mencatat PAT sebanyak RM5.7 juta, peningkatan yang signifikan daripada kerugian selepas cukai sebanyak RM815,000 yang dicatat tahun lalu.

Perolehan juga meningkat kepada RM68.4 juta berbanding RM49.9 juta yang dicatat pada suku ketiga tahun lalu.

Projek Hua Yang di Lembah Klang menjadi penyumbang utama kepada perolehan iaitu sebanyak 35 peratus. Ia diikuti oleh Johor (32 peratus); Ipoh (16 peratus); Pulau Pinang (14 peratus) dan Negeri Sembilan (tiga peratus).

Hua Yang kini mempunyai simpanan tanah yang belum dibangunkan sebanyak 188 hektar dengan nilai pembangunan kasar sebanyak RM5.3 bilion.

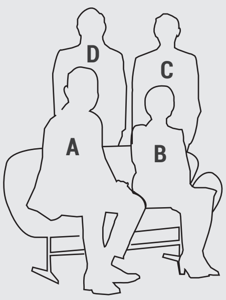
上市公司 CORPORATE WATCH

華陽找到翻身竅門

業績虧轉盈挽信心

策略奏效 終止新銷售4連跌

BOARD OF DIRECTORS



A.
Ho Wen Yan
Chief Executive Officer /
Executive Director

B.
Chew Po Sim
Non-Independent
Non-Executive Director

C.
Chew Hoe Soon
Non-Independent
Non-Executive Director
Member of Audit Committee
Remuneration Committee
and Nomination Committee

D.
Ho Mook Leong
Non-Independent
Non-Executive Director

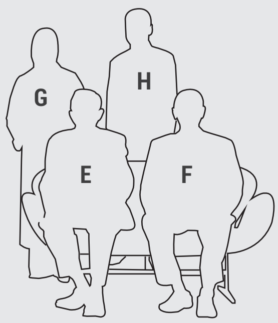
BOARD OF DIRECTORS (CONT'D)

E.
Tan Sri Dato' Seri Dr. Ting Chew Peh
Chairman / Independent Non-Executive Director
Chairman of Nomination Committee
Member of Audit Committee and Remuneration Committee

F.
Dato' Tan Bing Hua
Senior Independent Non-Executive Director
Chairman of Audit Committee and Remuneration Committee
Member of Nomination Committee

G.
Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud
Independent Non-Executive Director

H.
Ho Wen Fan
Alternate Director



PROFILE OF DIRECTORS

Tan Sri Dato' Seri Dr. Ting Chew Peh
Aged 76, Malaysian, Male

Chairman / Independent Non-Executive Director
- Chairman of Nomination Committee
- Member of Audit Committee and Remuneration Committee

Tan Sri Dato' Seri Dr. Ting Chew Peh was appointed to the Board of Hua Yang Berhad ("Hua Yang") on 1 June 2000 and was made the Chairman of the Board. He has a Bachelor of Arts Degree from University of Malaya and a Master of Science Degree from University of London. He also holds a Doctorate in Philosophy, which he obtained from University of Warwick.

Tan Sri Dato' Seri Dr. Ting started his career as a lecturer in the Faculty of Social Sciences and Humanities at Universiti Kebangsaan Malaysia in 1974 until 1980. He was then appointed as an Associate Professor at the faculty until 1987.

In 1987, Tan Sri Dato' Seri Dr. Ting ventured into politics with his election as a Member of Parliament for the Gopeng constituency, which he held until the 2008 general elections. He previously served as a Parliamentary Secretary of the Ministry of Health (1988 - 1989), Deputy Minister in the Prime Minister's Department (1989 - 1990), Minister of Housing and Local Government (1990 - 1999) and Secretary-General of Malaysian Chinese Association (MCA) (1990 - 2005). He served as Independent Director on the Board of Puncak Niaga Holdings Berhad from July 2000 and retired in May 2018.

He currently sits on the Boards of Johan Holdings Berhad, Sycal Ventures Berhad and UTAR Education Foundation. He also serves as a Director of several private companies.

Ho Wen Yan
Aged 45, Malaysian, Male

Chief Executive Officer / Executive Director

Mr. Ho Wen Yan was appointed to the Board of Hua Yang on 1 June 2007. He received his architectural training in the United Kingdom at the University of Bath and the Architectural Association. He also holds a Master of Science (Construction Economics and Management) Degree from University College London.

He joined Hua Yang on 20 October 2003 as a Project Coordinator at its Johor Branch. He has been an Executive Director of the Group since 1 June 2007 and was appointed Chief Executive Officer on 20 August 2010.

He was appointed to the Board of Magna Prima Berhad on 13 February 2017 as Executive Director.

Chew Po Sim
Aged 76, Malaysian, Female

Non-Independent Non-Executive Director

Mdm. Chew Po Sim was appointed to the Board of Hua Yang on 27 January 2003. She holds a teaching certificate and on her early retirement from the teaching profession, she ventured into a horticulture trading business for more than 20 years.

Mdm. Chew Po Sim is also currently overseeing her investment holding company, namely Heng Holdings Sdn. Berhad, a substantial shareholder of the Company.

PROFILE OF DIRECTORS (CONT'D)

Ho Mook Leong
Aged 59, Malaysian, Male

Non-Independent Non-Executive Director

Mr. Ho Mook Leong was appointed to the Board of Hua Yang on 31 January 2002. He has a Degree in Civil Engineering from Ohio State University, United States of America.

Mr. Ho Mook Leong started his career as a Site Engineer with IOI Properties Berhad in 1984 and subsequently left to join Hua Yang as Project Manager in 1988 to oversee the property development projects in Ipoh. From 1991 to 1997, Mr. Ho Mook Leong was on secondment to one of the associate companies to manage another mixed property development project in Ipoh. Having acquired extensive experience and expertise in project management and construction related fields over the years, he became General Manager of Hua Yang in 1997 to oversee all the development projects of Hua Yang Group.

Mr. Ho Mook Leong left Hua Yang in year 2000 to pursue his own consultancy business. In the preparation for the initial public listing of Hua Yang in 2001/2002, Mr. Ho Mook Leong re-joined the Company as Executive Director on 2 January 2002. He was promoted to Chief Operating Officer and Chief Executive Officer of Hua Yang on 1 September 2003 and 1 June 2007 respectively. He resigned as Chief Executive Officer of Hua Yang on 19 August 2010 to pursue his own business interest and remains as Non-Executive Director on the Board of Hua Yang.

Chew Hoe Soon
Aged 67, Malaysian, Male

Non-Independent Non-Executive Director
- Member of Audit Committee, Remuneration Committee and Nomination Committee

Mr. Chew Hoe Soon was appointed to the Board of Hua Yang on 2 June 2003. He holds a Bachelor of Economics (Accounting) Degree (Honours) and a Diploma in Accounting, both from University Malaya. He is a member of the Malaysian Institute of Accountants (MIA).

Mr. Chew Hoe Soon has extensive working experiences in the field of finance, and sales and marketing of consumer products, having held the position of Managing Director in a large multinational company for a number of years.

Dato' Tan Bing Hua
Aged 75, Malaysian, Male

Senior Independent Non-Executive Director
- Chairman of Audit Committee and Remuneration Committee
- Member of Nomination Committee

Dato' Tan Bing Hua was appointed to the Board of Hua Yang on 16 January 2006. He graduated from University of Malaya with a B.A (Hons) degree in year 1967. In 1982, he decided to further his studies in law, graduating with L.L.B. (Honours) degree from the University of London in 1985 and a Barrister-at-Law of the Lincoln's Inn, England in 1986.

Dato' Tan Bing Hua started his career in public service in Bank Negara Malaysia upon his graduation in 1967 where he served for a period of 15 years until 1982. He then practised law in the firm of Amin-Tan & Co in Kuala Lumpur from 1987 to 2012 upon his call to the Malayan Bar in 1987. Thereafter, he continued to practise law in the firm of Choong & Partners from 2013 to 2014.

He currently sits on the Board of Far East Holdings Berhad as an Independent Non-Executive Director.

PROFILE OF DIRECTORS (CONT'D)

Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud
Aged 53, Malaysian, Female

Independent Non-Executive Director

Y.A.M. Tengku Dato' Rahimah was appointed to the Board of Hua Yang on 22 May 2018. Y.A.M. Tengku Dato' Rahimah holds a Bachelor of Science degree in Economics and Accountancy from the City of London University, England. She is a member of the Malaysian Institute of Management.

Y.A.M. Tengku Dato Rahimah was appointed the Chairman of Loh and Loh Corporation Berhad ("LLCB") on 19 September 2008 until 2012. From 2012 until 2017, she co-owned shares in LLCB and continued to hold the position of the Chairman of LLCB and Director in Loh and Loh Construction Sdn Bhd until November 2017. LLCB covered both spectrums of engineering namely civil & structural and mechanical & electrical and specialises in building dams, water and waste water treatment plants and also ventured into property development sector.

She currently sits on the Board of Puncak Niaga Holdings Berhad as Non-Independent Non-Executive Director.

Ho Wen Fan
Aged 41, Singaporean, Male

Alternate Director

Mr. Ho Wen Fan was appointed to the Board of Hua Yang on 1 September 2017 as an Alternate Director to Madam Chew Po Sim. He holds a Bachelor of Science (Economics) degree from University of Bristol, United Kingdom and is a certified Financial Risk Manager.

Mr. Ho Wen Fan started his career with OCBC Bank Singapore, spending 3 years in the Risk Management Division. He then joined the Deutsche Bank Group in Singapore and was subsequently posted overseas, spending 5 years in their Japan office.

He is currently managing the investment portfolio of Heng Holdings Sdn. Berhad, a substantial shareholder of the Company.

OTHER INFORMATION OF DIRECTORS

FAMILY RELATIONSHIP

None of the Directors have any relationship with each other and major shareholders of Hua Yang except that Ho Wen Yan and Ho Wen Fan are the sons of Chew Po Sim and the nephew of Ho Mook Leong and Chew Hoe Soon. Chew Po Sim and Chew Hoe Soon are siblings and Chew Po Sim is the sister-in-law of Ho Mook Leong.

Chew Po Sim is the mother of Ho Min Yi, Ho Wen Yan, Ho Wen Han and Ho Wen Fan, the major shareholders of Hua Yang.

CONFLICT OF INTEREST

None of the Directors have any conflict of interest with the Company.

LIST OF CONVICTIONS OF OFFENCE

None of the Directors have been convicted for any offences (other than traffic offences), public sanction or received any penalty imposed by the relevant regulatory bodies inside or outside Malaysia within the past five (5) years.

ATTENDANCE OF THE BOARD

All the Directors have complied with the minimum 50% attendance in respect of Board Meeting as required in the Listing Requirements. There were five (5) Board Meetings held during the financial year ended 31 March 2019 and the attendance of each Director is as follows:-

NAME OF DIRECTOR	ATTENDANCE
1. Tan Sri Dato' Seri Dr. Ting Chew Peh	5/5
2. Ho Wen Yan	5/5
3. Dato' Tan Bing Hua	5/5
4. Ho Mook Leong	5/5
5. Chew Po Sim	4/5
6. Chew Hoe Soon	5/5
7. Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud	4/4

PROFILE OF SENIOR MANAGEMENT

Ho Wen Yan
Aged 45, Malaysian, Male.
Chief Executive Officer / Executive Director

Mr. Ho's profile is set out on page 18 of this Annual Report.

Tan Hwai Lun
Aged 42, Malaysian, Male.
Chief Financial Officer

Mr. Tan joined Hua Yang as Financial Controller in July 2011 and was promoted to Chief Financial Officer in May 2017. He is a member of the Malaysia Institute of Accountant ("MIA") and CPA Australia.

He has more than 12 years of financial management working experience. He oversees the finance strategy and planning of the Hua Yang Group.

Ng Kok Hong
Aged 43, Malaysian, Male.
General Manager

Mr. Ng joined Hua Yang in March 2011 as Ipoh Branch Manager. He graduated with a Degree in Civil Engineering (Hons.) from University of Malaysia, Sabah.

He has more than 17 years of working experience in planning, directing, designing and coordinating various property development projects. He is currently overseeing the operations of the Northern region's branches as well as the new business ventures of the Group.

Wong Kam Moi
Aged 56, Malaysian, Female.
Branch Manager

Ms. Wong joined Hua Yang in 2003 and was promoted to Branch Manager in 2013. Her main portfolio is overseeing all development, planning and operational aspects of Johor Branch.

She has more than 26 years of working experience in planning and overseeing Administration, Human Resource, Sales & Marketing strategies implementation.

PROFILE OF SENIOR MANAGEMENT (CONT'D)

Yeoh Swee Heng
Aged 50, Malaysian, Male.
Assistant General Manager

Mr. Yeoh joined Hua Yang as a Project Manager on 31 March 2008 and was promoted to Assistant General Manager in April 2015. He graduated with a Bachelor in Science (Hons) in Building Construction Management from Sheffield Hallam University, United Kingdom.

He has extensive experience in construction and property development. He oversees the property development operation and land search of the Group.

Nurhayati binti Zubir
Aged 43, Malaysian, Female.
Assistant General Manager

Puan Nurhayati joined Hua Yang in November 2013 as Human Resource Manager and was promoted to Assistant General Manager in April 2017. She is a graduate from the University of North London, United Kingdom with a Bachelor Degree (Hons) in Human Resources with Marketing in 1999.

Prior to joining Hua Yang, she has 13 years of working experience in the areas of training, marketing, corporate services and human resource. Currently, she oversees the effectiveness of the human capital functions of the Group.

Tan Kwee Far
Aged 46, Malaysian, Female.
Assistant General Manager

Ms. Tan joined Hua Yang in May 2013 as Administration Manager and was promoted to Assistant General Manager in April 2017. She holds a Certificate in Journalism obtained in year 1993 and LCCI Higher Diploma in year 1995.

She has more than 17 years of working experience in the areas of Accounts and Finance, Administration and Human Resource. Currently, she is responsible for office administration and operations functions of the Group.

Tan Chee Hin
Aged 57, Malaysian, Male.
Senior Sales & Marketing Manager

Mr. Tan has been in property sales and marketing functions for more than 25 years. He holds a Master in Business Administration (MBA) majoring in International Business from University of East London, United Kingdom.

Currently, he is spearheading the Group's 4 regions sales and marketing portfolio and strategising its sales and marketing plans to meet current market needs.

Notes:
Save for the Chief Executive Officer who has family relationship with other Directors and/or major shareholders of Hua Yang Berhad as disclosed on page 23 of this Annual Report, none of the Senior Management has:
- Any family relationship with any Director and/or major shareholder of Hua Yang Berhad;
- Any conflict of interest with Hua Yang Berhad; and
- Any conviction for offences (other than traffic offences), public sanction or received any penalty imposed by the relevant regulatory bodies inside or outside Malaysia within the past five (5) years.

CHAIRMAN'S STATEMENT

Dear Shareholders,

This year marks our 40th anniversary since the inception of Hua Yang Berhad ('Hua Yang') in 1978. Reflecting back over 4 decades as a property developer, we are proud of all that we have achieved together. It is a momentous occasion for us. From our humble beginnings when we first developed 8 four-storey shops at Jalan Gopeng, Ipoh to now delivering integrated townships, high-rise residential projects and commercial lots across Malaysia, Hua Yang has flourished to solidify its position as a leading developer of affordable mid-market homes for Malaysians.

Making dreams affordable. This vision continues to be our driving force. We remain steadfast in our efforts to create well conceptionalised and innovative homes to make the dreams of affordable home ownership a reality. And this can only be made possible with the strong ensemble of personnel in Hua Yang who shares our passion and remains committed to Hua Yang's vision as a property developer. Together, we are delighted to have helped our home buyers realise their dreams with the delivery of 19,942 properties worth RM4.6 billion across the Klang Valley, Johor, Perak, Negeri Sembilan and Mainland Penang. This is indeed a significant milestone for Hua Yang .

In recent years, our financial performance has not been robust. Weak sentiment in the property market prevailed. Malaysia's economic growth moderated to 4.6% in 2018, even as the global economy faced challenges, heightened by the ongoing trade conflicts. Domestically, policy changes brought on by the change in government further brought on uncertainties which served to impact economic activities and dampen consumer confidence. Despite these market headwinds, we acknowledge the efforts made by our sales and marketing teams in achieving new sales this year that surpassed that of last two years respectively.

For the financial year ended 31 March 2019, the Board of Directors has not recommended any dividend payments. As we ride through these challenging market conditions, we appreciate the confidence placed in us by you, our shareholders and we truly value your support. I have no doubt Hua Yang will get back on a firmer footing. With the strong portfolio of development land we have in our possession, Hua Yang does have the capability and capacity to scale up on our activities and performance, and eventually return to a healthy dividend trend.

We look forward to the future with excitement. Even as we continue to fulfil our vision in property development, we must also be unwavering in our commitment as a socially responsible corporate citizen. Hua Yang will continue to embrace its sustainability strategy that is very much in line with its vision and core values. Over these past years, we have helped lighten the burden of buying a home for generations of Malaysians, and it is our aspiration to continue realising the dreams of future generations of young Malaysians in securing an affordable home for themselves.

On behalf of my Board of Directors, I wish to extend our utmost appreciation to all our stakeholders for your trust and commitment in us. We are further motivated by your support. Our sincere gratitude also goes to all our valued personnel at Hua Yang for your drive and devotion to the work. I strongly believe that together, we can successfully pursue Hua Yang's vision and reach greater milestones along the way. To my fellow directors, thank you for your influence and inspiring wisdom. It is always a pleasure having you alongside at board discussions. My deepest gratitude to Mr.Ho Mook Leong who will be retiring from the Board at the forthcoming Annual General Meeting and he is not seeking re-election. On behalf of the Board, we extend our warmest appreciation for his invaluable contribution as our board member over the past 17 years and wish him well in his undertakings.

Tan Sri Dato' Seri Dr. Ting Chew Peh
Chairman

From our humble beginnings, Hua Yang has flourished to solidify its position as a leading developer of affordable mid-market homes for Malaysians.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Despite the prolonged industry downcycle, Hua Yang remains committed to delivering a unique brand of quality mid-market homes in key strategic urban hotspots across Malaysia.

Ho Wen Yan
Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

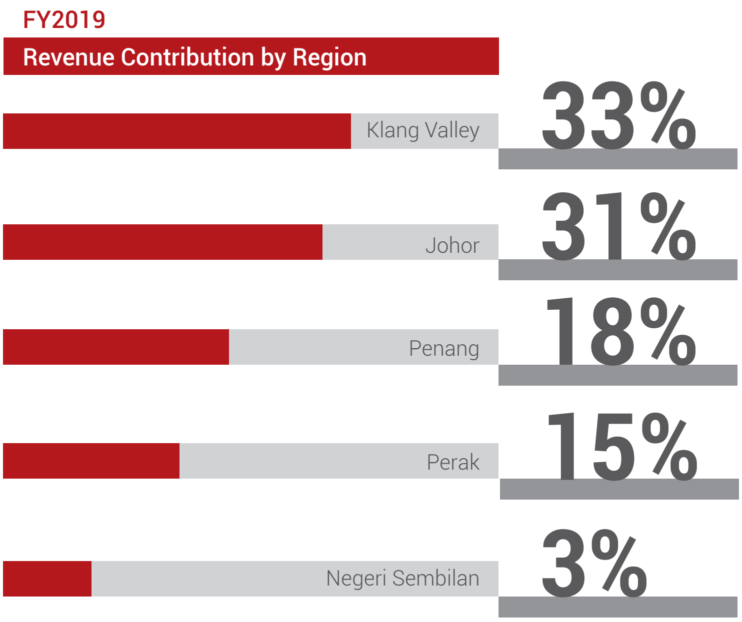
Dear Valued Shareholders,

Hua Yang Berhad ("Hua Yang") reported improved operating activities during the financial year ended 31 March 2019 ("FY2019"). This is commendable due to the fact that the property sector remained subdued as a result of stringent lending policies and affordability issues; leading to rising inventory overhang. The Group's main focus during the year was to clear completed inventories and aggressively market ongoing projects. New launches were strategically undertaken at a more measured pace, taking into account projected market demand and project cash flow requirements. This approach has paid off as inventory levels have been reduced significantly and revenue experienced a healthy uptick during the year.

Financial Performance

In FY2019, the Group's total revenue grew 20% to RM272.5 million from RM227.4 million recorded in the previous financial year ("FY2018"). The stronger revenue growth was mainly attributable to the steady construction progress of ongoing projects and sale of completed properties. Key ongoing projects that contributed to FY2019 revenue included ASTETICA RESIDENCES in Selangor and MERITUS RESIDENSI in Mainland Penang. Completed properties that drove revenue growth comprised ONE SOUTH in Selangor, CITYWOODS in Johor, and RIDGEWOOD in Perak. Sales from these completed projects accounted for approximately 23% of total group revenue.

Within the key regions, the Klang Valley accounted for 33% of group revenue, whilst Johor contributed 31%, supported by construction activities at the ongoing townships of TAMAN PULAI INDAH, TAMAN PULAI HIJAUAN and ELEMENCE @TAMAN DENAI ALAM, as well as higher sales from CITYWOODS. Revenue contribution from Mainland Penang increased from the previous year due to the steady construction progress of MERITUS RESIDENSI.

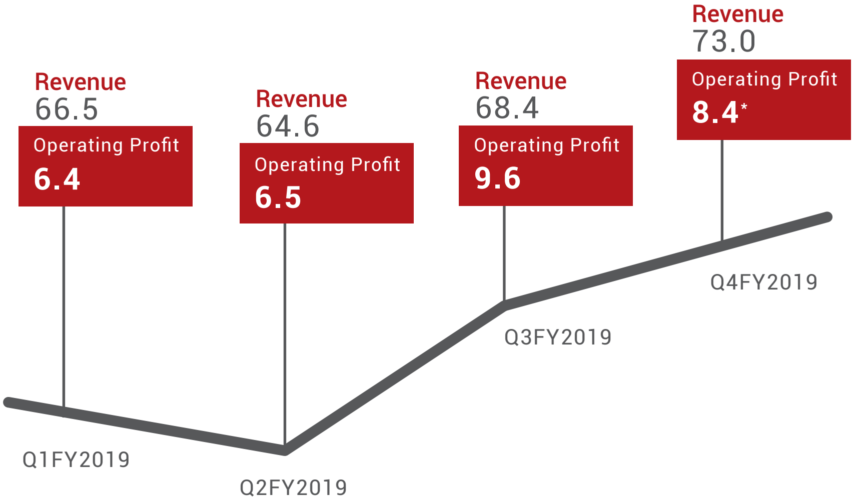


During the year under review, Hua Yang reported a loss before tax of RM13.8 million, compared to a profit before tax of RM8.6 million delivered in FY2018. Consequently, the Group posted a net loss of RM22.5 million in FY2019, compared to a net profit of RM2.2 million a year ago.

Earnings performance was undermined by the share of loss of RM16.6 million from its 30.95%-owned associate company, Magna Prima Berhad ("Magna Prima"), which also resulted in Hua Yang having to make a provision of impairment loss on its investment in Magna Prima amounting to RM7.9 million. Excluding this provision of impairment loss and the share of loss at the associate level, Hua Yang's adjusted operating profit would have risen 43% to RM30.9 million, whilst adjusted profit before tax would have improved 47% to RM10.7 million in FY2019. This underscores Hua Yang's healthy progress in its development activities, where core operating profit sustained a steady growth trend on a quarterly basis despite the difficult market environment.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

FY2019 Quarterly Performance in Group Revenue & Operating Profit (RM million)

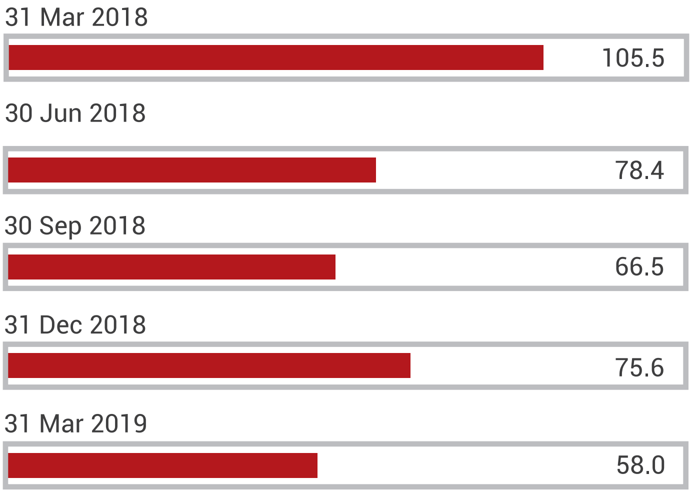


adjusted for the RM7.9 million provisioning of impairment loss on investment in associate company

Success in our marketing efforts to dispose of available units in our completed properties has yielded positive results, as can be seen in the following chart.

FY2019

Inventories in Completed Properties (RM million)



In FY2019, Hua Yang completed and handed over a total of 440 units of properties with a total Gross Development Value ("GDV") of RM123.8 million. This included terrace houses in ERICA phase 1 and FREESIA phase 1 at BANDAR UNIVERSITI SERI ISKANDAR and RIDGEWOOD 2 residential development, both located in Perak.

FY2019

Completed Properties

Johor
(RM million) million

28.3 @ **22.9%**

Perak
(RM million)

95.5 @ **77.1%**

Total

RM123.8 million

100%

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

Total assets as at end FY2019 amounted to RM1,196.1 million, compared to RM1,207.2 million as at end FY2018. Land held for property development stood at RM478.6 million, increasing 5% from RM455.6 million last year. Most notably, the Group's strategy to aggressively market completed projects during the year has resulted in a significantly lower value in inventories of RM58.0 million. This is 45% lower than the RM105.5 million as at end FY2018.

Total liabilities stood at RM611.0 million as at end FY2019 from RM616.2 million at the end of the previous financial year, with total borrowings brought lower to RM403.1 million as at end FY2019 from RM441.8 million one year ago. Consequently, net gearing eased to 0.69 times as at end FY2019 from 0.72 times of shareholder funds as at the end FY2018. Hua Yang's net gearing position should continue to improve through positive cash generation from projects to be completed this financial year, as well as continuing sales of completed developments.

The Group's net assets attributable to shareholders stood at RM562.6 million as at end FY2019 or RM1.60 per share. This is comparable to net assets attributable to shareholders of RM590.9 million as at end FY2018, or equivalent to RM1.68 per share.

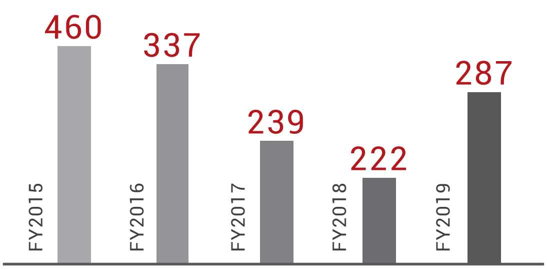
Dividends

The Board has not recommended any dividend payments for FY2019. Near term, capital resources will continue to be focused towards our core development activities. Hua Yang possesses a strong development platform with a solid development landbank portfolio. We remain confident that we would be able to return to a steady growth and dividend trend when market conditions improve.

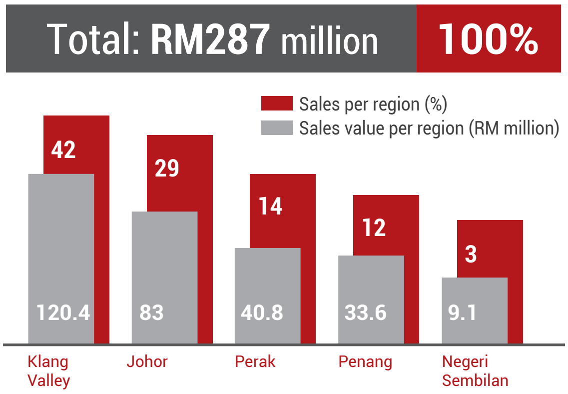
Property Development

In FY2019, we have delivered higher new sales of RM287 million, a 29.3% growth from RM222 million recorded in FY2018, underpinned by sales from completed and ongoing projects across key development regions. ASTETICA RESIDENCE in Seri Kembangan, Selangor, the top performer, contributed 34% of total new sales in FY2019. The project chalked up new sales of RM98.0 million in FY2019 with sales picking up steadily despite a slower start. ELEMENCE @ TAMAN DENAI ALAM in Johor, which made its debut in FY2018, continue to see encouraging sales. Likewise, MERITUS RESIDENSI on Mainland Penang, has also seen healthy take-up amid intense market competition in the northern region. Save for the contributions from ongoing projects, sales derived from completed projects had driven new sales stronger in FY2019. Contributing completed projects include CITYWOODS in Johor as well as CUBE and ZETA RESIDENCE at ONE SOUTH in Sei Kembangan.

Historical Trend in New Sales
(RM million)



FY2019 Sales Contribution by Region



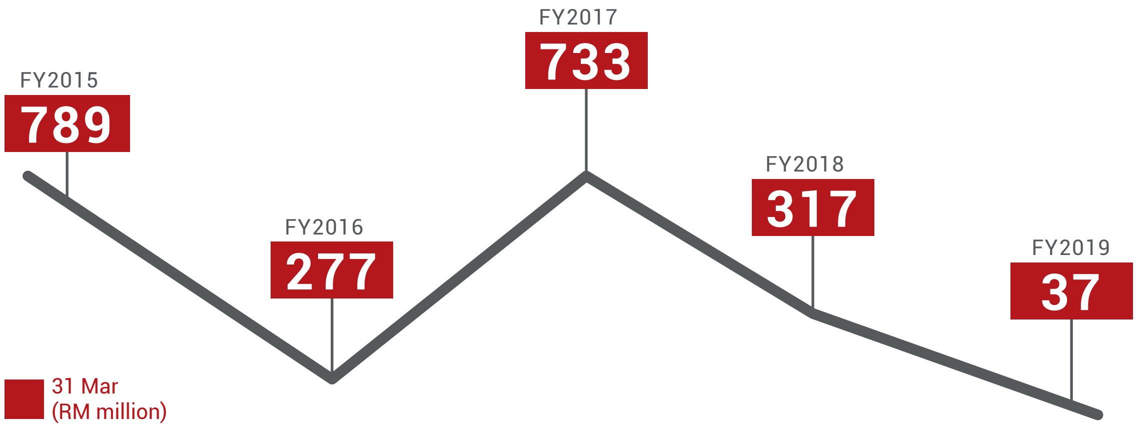
Unbilled sales stood at RM205 million as at end-FY2019, higher than RM179 million recorded as at end-March 2018. We expect unbilled sales to further improve in the current financial year, driven by our planned new launches in the pipeline for financial year ending March 2020 ("FY20").

Hua Yang launched RM37 million worth of new properties in FY2019. We have adopted a very vigilant approach in pacing new launches and committed to stay focus on driving sales of our completed and on-going projects, where our hard work was well rewarded with a 29.3% surge in new sales in FY2019.

New launches are mainly new phases in our township projects in Ipoh. Capitalising on the overwhelming response from the two residential developments, namely Freesia phase 1 and Erica phase 1, the Group rolled out Freesia and Erica phase 2 in FY2019 with a combined GDV of RM37.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

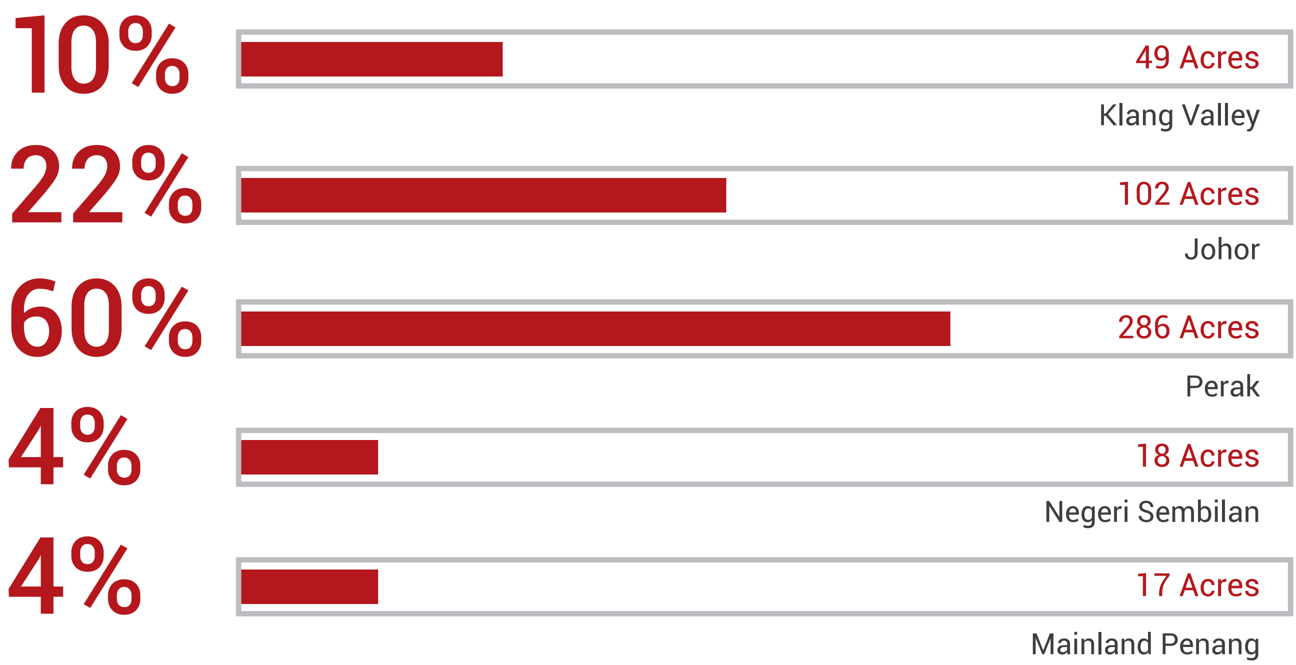
Historical Trend in New Launches



Landbanking

In October 2018, Hua Yang completed the sale of a 30% stake in Kajang Heights Development Sdn Bhd ("Kajang Heights") to KCV Properties Sdn Bhd ("KVC Properties") for a total cash consideration of RM21 million. Hua Yang maintains its 70% interest in Kajang Heights after the disposal. With this, Hua Yang is able to bring in a synergistic partner to develop the 19.8 acres in Kajang Heights, which is earmarked for a mixed development with a total estimated GDV of RM800 million. The KVC Group is a premier provider of electrical and electronics components, communications, automation, industrial, maintenance, repair & operating and advanced supply chain management and logistics services.

Hua Yang did not engage in other landbanking activities in FY2019. At present, Hua Yang's landbank for future development stands at approximately 472 acres across key development regions, with a combined GDV of approximately RM5.3 billion to be developed over a period of 5 to 7 years.

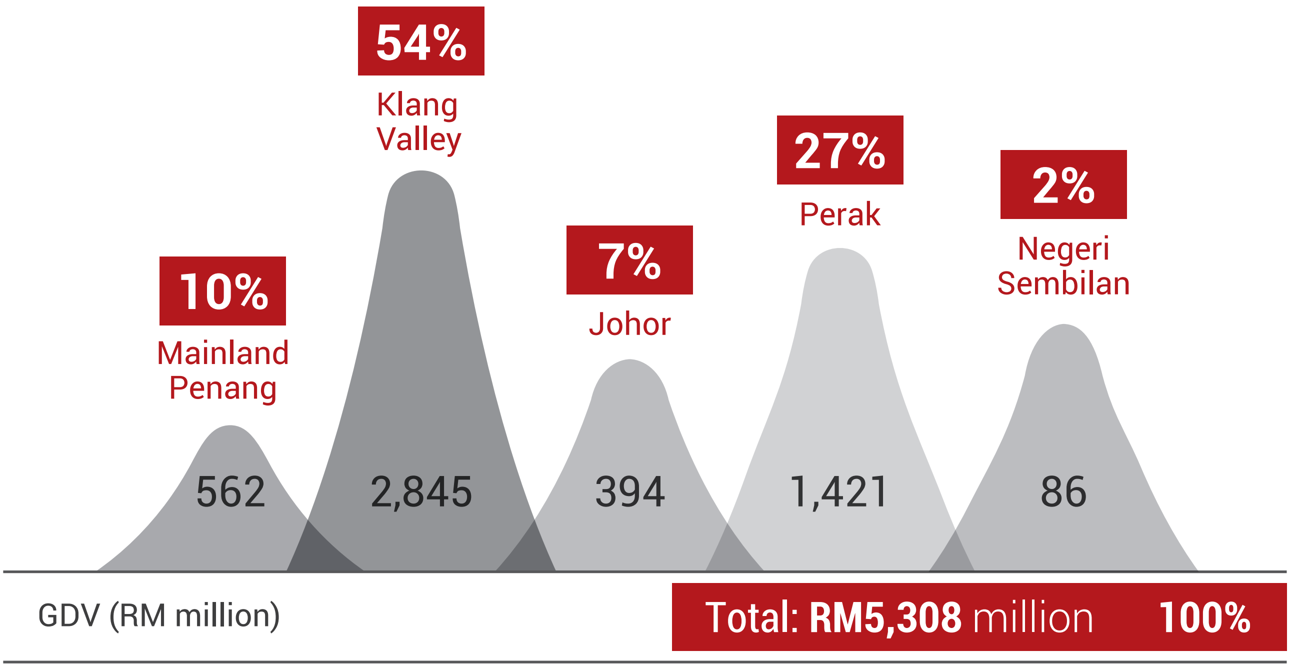


Future Undeveloped Landbank by Geographical Region

Total: **472 Acres** **100%**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

Future GDV by Geographical Region



Strategic Investment in Magna Prima Berhad
Hua Yang's 30.95% associate company, Magna Prima Berhad ("Magna Prima") contributed a loss of RM16.6 million at Hua Yang's associate level for FY2019 as compared to a share of profit of RM1.3 million in FY2018.

Magna Prima achieved a net loss of RM56.7 million, on the back of a revenue of RM33.1 million in their financial year ended 31 December 2018. Performance was substantially impacted by one-off sales reversal of 24 units of serviced apartments at Boulevard Business Park @ Jalan Kuching, as well as higher tax expense arising from deferred tax on real property gain tax of its investment properties and a fair value adjustment on its Jalan Ampang land.

There is significant value in Magna Prima's Klang Valley landbank which can be realised through land sale or development activities when opportunity arises. Magna Prima's net asset value stood at RM527.8 million as at end-Dec 2018, translating to RM1.59 per share. Some of its key land parcels include 2.6 acres freehold land at Jalan Ampang within the vicinity of Kuala Lumpur City Centre, 20 acres located at Seksyen 15 Shah Alam known as Magna Ecocity as well as 6.95 acres located on Jalan Gasing in Petaling Jaya.

Property Development Projects
Hua Yang remains committed to delivering a unique brand of quality mid-market homes in key strategic urban hotspots across Malaysia. The Group advocates modern yet practical concepts and designs that are tailor made to appeal to the next generation of home buyers. The following highlights several of Hua Yang's key development projects.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

KLANG VALLEY

ASTETICA RESIDENCES, Selangor

Total estimated GDV	:	RM343 million
Land size	:	3.7 acres
Status	:	Ongoing
Sales	:	50% (as at 31 March 2019)

Strategically located at the heart of matured township of Seri Kembangan, Selangor, ASTETICA RESIDENCES is a mixed residential development with an estimated total GDV of RM343 million. The 34 and 35-storey residential towers offer 520 exquisite serviced apartments and 26 retail lots, with inclusive sky facilities and a wide selection of layouts and built-up sizes suitable for large families, newly-weds as well as young adults.

The concept of the serviced apartments is meant to be exclusive semi-Ds and bungalows in the sky, with low density of ten units per floor served by four lifts and each unit being a corner unit. One unique feature is the inclusion of comprehensive family-oriented facilities covering approximately 16,000 sqft (square feet) that is linked with a sky bridge on the 26th floor (double volume) of the tower blocks.

With direct access to the SILK and Besraya Highways and well-connected to other major routes, ASTETICA RESIDENCES is fronting the Mines 2 Shopping Mall and within proximity to heaps of well-established amenities such as The Mines Shopping Centre, AEON Cheras Selatan, Columbia Asia Medical Centre, Australia International School, Bukil Jalil Stadium, Palace of The Golden Horses and many more.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

KLANG VALLEY

PUCHONG HORIZON, Selangor

Total estimated GDV	:	RM2.05 billion
Land size	:	29.2 acres
Maiden Phase	:	Aviary Residence
Status	:	Soft launched

Hua Yang's latest flagship mixed development, PUCHONG HORIZON is strategically located within proximity to the bustling Pusat Bandar Puchong district. PUCHONG HORIZON, a 29.2-acre mixed development in Klang Valley, is earmarked for an integrated residential and commercial development with GDV of approximately RM2.05 billion.

Adjacent to the matured Puchong and Subang Jaya townships, the mixed development is well-connected via numerous highways including the Lebuhraya Damansara-Puchong, ELITE Expressway, Shah Alam Expressway and South Klang Valley Expressway. Amenities and facilities within the development include Regent International School, SEGi College Subang Jaya, Monash University, IOI Mall Puchong, SetiaWalk Mall, Giant Bandar Puteri, Tesco Extra Puchong, Rakan Muda Complex, Columbia Asia Hospital and many more.

The Group is looking forward to officially roll out the maiden phase of AVIARY RESIDENCE in PUCHONG HORIZON in FY20. The debut launch with 565 serviced apartments in a 36-storey tower, has an estimated GDV of RM247 million. Touted as the tallest residential tower in the surrounding area, the serviced apartment offers residents a bird's eye view of lakes, towns and forest reserves. AVIARY RESIDENCE's unique features include choice designs and layouts, 3-tiered security, a multi-faceted facilities floor and 2 covered car parks per unit.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

JOHOR

ELEMENCE, TAMAN DENAI ALAM, Johor

Total estimated GDV	:	RM375 million
Land size	:	73.2 acres
Status	:	Ongoing
Sales of ongoing phases	:	61% (as at 31 March 2019)

ELEMENCE @ TAMAN DENAI ALAM is the Group's newest township development in Johor. This gated and guarded project has a total estimated GDV of RM375 million and will be a continuation of our township developments in Johor, namely TAMAN PULAI INDAH and TAMAN PULAI HIJAUAN, which started back in 1993.

Set across 73.2 acres, the freehold development is well-connected to surrounding areas such as Pasir Gudang, the Masai town centre and Johor Bahru city centre, with excellent access to at least six major routes and highways including Senai-Desaru Expressway and East Coast Highway. Vital industrial amenities like the Johor Port and Tanjung Langsat Port are situated within a 13km radius, while Pengerang is about 80km away. Frequent fliers will also appreciate the proximity of the Senai International Airport, just 55km from ELEMENCE @ TAMAN DENAI ALAM.

ELEMENCE @ TAMAN DENAI ALAM is richly designed with tree-lined avenues, recreation gardens and green pockets, and in close proximity to supermarkets, hospitals, educational institutions, banks and restaurants.

The debut launch of OVAL in FY2018, comprising double-storey cluster houses and link bungalows with a GDV of RM41 million, has so far done well with 61% take-up rate. The Group is looking to introduce new phases in the FY2020.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

PERAK

BANDAR UNIVERSITI SERI ISKANDAR, Ipoh

Total Estimated GDV	:	RM1,440 million
Land size	:	777 acres
Status	:	Ongoing
Sales of ongoing phases	:	50% (as of 31 March 2019)

BANDAR UNIVERSITI SERI ISKANDAR is a 777-acre integrated university township development located in the Northern region of Perak. The university township is strategically located approximately 35km to the southwest of Ipoh City and is well-connected with direct access from the Ipoh-Lumut highway.

Built on the basis of a lifestyle that is in complete harmony with nature, the integrated development contains quality residential homes and commercial components fronting lakes and natural landscapes, a host of leisure and entertainment facilities, in-town educational institute of higher learning, and a state-of-the-art medical centre. The township is within close proximity to a myriad of amenities that includes Universiti Teknologi Petronas and Universiti Teknologi Mara, Tesco Superstore, a KFC drive-thru restaurant, police station, wet market, schools, banks, and bus station terminals and many more.

Since its first launch back in 2001, the RM1.44 billion thriving township is maturing well with previous phases launched fully sold. Two of its completed phases were awarded a QLASSIC Excellent Award by CIDB for quality of workmanship with a scoring of 74% for phase 2B, LAVENDER 2B and 72% for phase 2, CERIA. The recently launched landed residential, namely ERICA phase 2 and FREESIA phase 2, with a combined GDV of RM37.1 million have thus far achieved sales of 50%, whereas the earlier phases of ERICA phase 1 and FREESIA phase 1 are almost fully sold and completed in December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

PENANG

MERITUS RESIDENSI, Penang

Total estimated GDV	:	RM327 million
Land size	:	7 acres
Status	:	Ongoing
Sales of ongoing phase	:	55% (as at 31 March 2019)

The debut of MERITUS RESIDENSI officially marked Hua Yang's maiden entry into the property market of Mainland Penang in 2017. The 4.32-acre project comprises a 44-storey tower with 480 units of serviced apartments and 15 retail shops. With an estimated GDV of RM226 million, this project makes up the first phase of a 6.98-acre freehold mixed development. The estimated GDV of the overall development is RM327 million.

At 44 storeys high, MERITUS RESIDENSI offers a dual skyline view of Penang and Butterworth. The project offers a variety of layouts and modern designs, with selected units enjoying a private garden and up to 4 parking bays.

MERITUS RESIDENSI is strategically located near matured commercial areas such as the Chai Leng Park and Perai Industrial Estate, with excellent access to Jalan Baru, the North-South Expressway, Butterworth Outer Ring Road and the Penang Bridge. It is also within proximity to the Mydin Mall, various hypermarkets and leisure and shopping malls, schools, hospital and medical centres.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

Anticipated Risks

Hua Yang operates in an environment where we will face competition from our peers. It is important that we keep ourselves relevant in understanding the market's needs and remain committed to our core values in strengthening our brand presence in the affordable mid-market homes segment.

Construction delays would also have wide implications in affecting our financial performance as well as our buyers' perception. At Hua Yang we have introduced processes for efficient planning and monitoring of construction progress on our respective development projects. To that extent, we have established a strong track record in ensuring that projects are completed and successfully handed over to our buyers on time.

Hua Yang adopts a prudent financial policy to maintain a healthy balance sheet with manageable gearing and cash flows. This would provide us with the liquidity for working capital on our development activities, and where appropriate, enable us to seek out landbanking opportunities when they arise.

Managing risks is an essential component to our ability in achieving our performance goals. Further details of our risk management can be found in the Statement on Risk Management and Internal Control on pages 61 to 63 of the Annual Report.

Prospects and Outlook

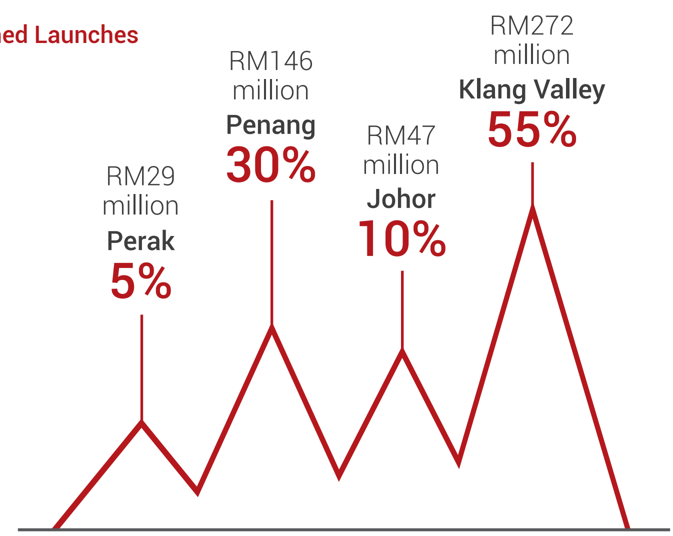
The residential property sector looks to remain challenging in the coming year. Consumers are likely to maintain a wait-and-see approach whilst eager buyers struggle to obtain financing as lending policies remain stringent. These factors work to subdue any significant near-term recovery in the residential property sector.

On the company front, our strategy is to drive sales via aggressive marketing targeted at first-time homebuyers and upgraders. The two-pronged approach greatly prioritises selling existing inventory as well as current ongoing projects. The success of this strategy will have a direct and immediate impact on our near-term earnings and financial position.

That being said, Hua Yang also plans to launch new properties with a total estimated GDV of RM494 million in FY2020. New projects will largely be launched during the second half of the year, albeit at a more measured pace. Amongst the new launches will be new phases in our existing townships of BANDAR UNIVERSITI SERI ISKANDAR in Perak and TAMAN PULAI HIJAUAN in Johor. We also plan to introduce commercial units in our latest ELEMENCE @ TAMAN DENAI ALAM township in Johor, comprising 18 units of double-storey shop offices.

In Penang, we look forward to the maiden launch of the serviced apartments in ASTON ACACIA, Bukit Mertajam. This would be our second residential project on Mainland Penang, after MERITUS RESIDENSI. Towards the second half of the current financial year, we plan to officially launch the initial phase of serviced apartments with an estimated GDV of RM272 million in AVIARY RESIDENCES, PUCHONG HORIZON, our new RM2 billion flagship integrated residential development within the Klang Valley.

FY2020 Planned Launches



The Group's existing landbank is strategically located in key regions sporting a potential GDV of approximately RM5.3 billion. Given the current market conditions, this landbank is slated to be developed at a measured pace over the coming years. However, Hua Yang will not hesitate to accelerate development activities when the market conditions improve and consumer sentiment turns positive.

SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

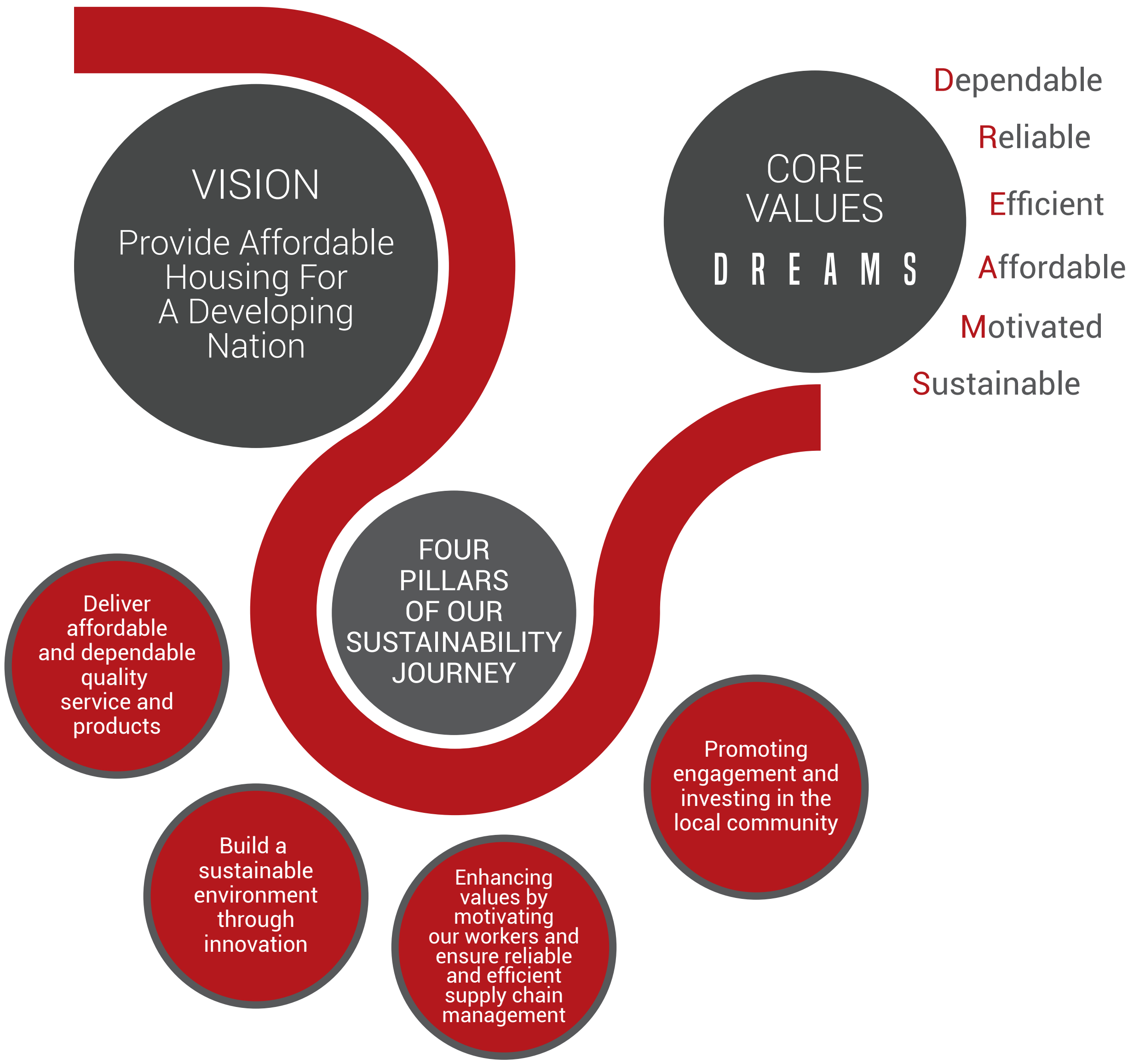
Hua Yang Berhad ("Hua Yang" or the "Group") aims to fulfil its vision of becoming the leading developer of quality and affordable homes, making the dream of home ownership a reality for all Malaysians.

As part of its commitment to fulfilling this vision, the Group is steadfast in embracing the tenets of sustainability throughout its value chain. This resolve is reflected in Hua Yang Berhad's Sustainability Report 2019, a stand-alone report that is available in print upon request as well as downloadable on our website www.huayang.com.my.

The following Sustainability Statement highlights our economic, environment and social (EES) risks and opportunities that are associated with our business operations throughout the period of 1 April 2018 to 31 March 2019.

Our Sustainability Strategy

The Group's overall sustainability strategy is aligned to its vision and core values. Through this alignment, we have adopted four (4) key sustainability pillars, namely economic, workplace, environmental and social. These pillars effectively represent the EES aspects of the Group and provide a building block for our future initiatives in relation to sustainable development.

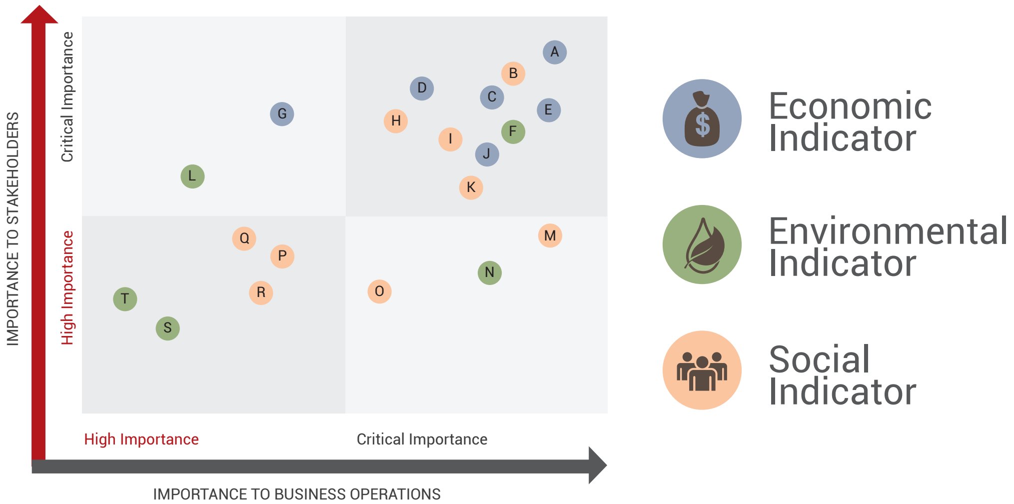


SUSTAINABILITY STATEMENT (CONT'D)

Our Sustainability Committee is tasked to oversee the Group's efforts towards embracing corporate sustainability. The Board of Directors provide oversight to the Sustainability Committee, which is chaired by the Chief Executive Officer.

Identifying Material Sustainability Matters

Through a thorough process of identification, ranking and verification, the Group was able to refine 20 material sustainability matters that are relevant to the Group's business operations and impact to our stakeholders in accordance to importance, relevance and impact. The final materiality matrix is presented as follows:



Material Sustainability Matters	Relevant Stakeholder (s)	Applicable GRI Indicator (s)
A Housing Affordability	Customers, Communities	Product Service and Labelling
B Occupational Safety and Health	Regulators & Government Agency, Vendors & Suppliers, Employees	Occupational Health and Safety
C Business Digitisation	Customers, Communities	GRI General Standard Disclosures
D Market Presence	Shareholders & Investors, Vendors & Suppliers	GRI General Standard Disclosures
E Economic Performance	Shareholders & Investors, Customers	GRI General Standard Disclosures
F Regulatory Compliance	Regulators & Government Agency, Shareholders & Investors, Customers	Compliance
G Supply Chain Management	Vendors & Suppliers, Customers	GRI General Standard Disclosures
H Ethics and Integrity	Regulators & Government Agency and Shareholders & Investors	GRI General Standard Disclosures
I Customer Satisfaction and Brand Reputation	Customers and Shareholders & Investors	Product Service and Labelling
J Project Management	Regulators & Government Agency	Compliance
K Corporate Governance and Transparency	Regulators & Government Agency, Shareholders & Investors	GRI General Standard Disclosures
L Energy	Regulators & Government Agency, Customers, Vendors & Suppliers	Energy
M Product Quality	Customers	Product Service and Labelling
N Waste Management	Regulators & Government Agency, Customers, Communities	Waste and Effluents
O Employee Benefits	Employees	Diversity and Equal Opportunity
P Customer Privacy	Customers	Customer Privacy
Q Employee Development and Training	Employees	Training and Education
R Contribution to Society	Communities, Media	Local Communities
S Green Buildings Compliance	Customers, Shareholders & Investors and Vendors & Suppliers	Compliance
T Water	Customers, Communities	Water

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC SUSTAINABILITY

The Group aims to achieve business sustainability by combining measures to ensure long-term profitability and healthy growth. These measures can be categorised into four key areas:

1.Embedding ethical business practices

Hua Yang continues to adhere to all relevant laws and regulations to the best of its abilities. The Group has also adopted principles from the Malaysian Code of Corporate Governance 2017 to ensure it operates with high levels of corporate governance.

We cultivate ethical business practices throughout our operations by establishing and implementing a Code of Conduct and Ethics in the Employee Handbook. The Board has also approved a Code of Conduct and Business Ethics on 22 May 2018.

Additionally, the Board has approved a Whistleblowing Policy on 22 May 2018 and is available on the company's website.

2.Business digitisation

The advancement of digital technology has and will continue to change the way organisations and companies operate. The Group has been working hard to ensure that we are able to implement digital technology across our value chain to improve the efficiency and effectiveness of our business.

3.Product quality control

As a leading property developer, Hua Yang's properties are developed based on the highest safety standards, ensuring that they meet the expectations of owners. Our efforts to ensure product quality is further extended by our commitment to the CIS 7:2014 standard 'Quality Assessment System for Building Construction Work' and 'Quality Assessment System in Construction' (QLASSIC) standard as outlined by Malaysia's Construction Industry Development Board (CIDB).

4.Customer satisfaction

Customer satisfaction is critical to the Group's business operations and reputation. As such, we have applied a comprehensive customer satisfaction assurance method though our Customer Care Office as part of our Customer Relationship Management (CRM) system.

We also implemented a new procedure manual that logs defect list and rectification works highlighted by new owners and tenants to ensure thorough inspection, verification and rectification works are conducted by our qualified project managers, engineers and contractors within stipulated timeline.

Business Digitisation Targets

Human Resources Management System (HRMS)
Initiated 5th Module: Performance Appraisal in FY2019

Completion of the e-DMs
September 2018

Enterprise Resource Planning (ERP)
Initiated ERP in FY2019

Current Building Quality Inspected to Receive QLASSIC Certification

Workmanship quality of **Architectural Works**

Workmanship quality of **Basic Mechanical and Electrical Fittings**

Workmanship quality of **External Works**

SUSTAINABILITY STATEMENT (CONT'D)

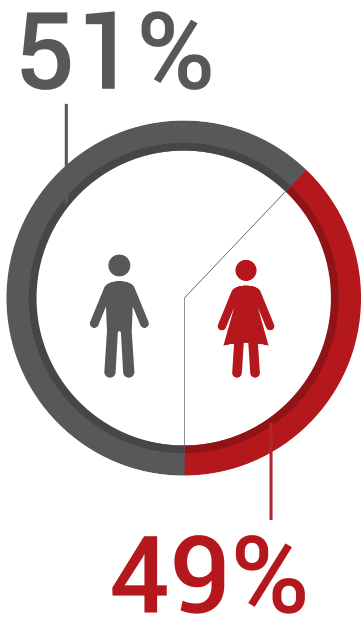
WORKPLACE SUSTAINABILITY

A productive workforce can only be cultivated and maintained if the safety, health and wellbeing of our employees are well protected and cared for. In tandem with this, the Group's *Emergency Response Team* or ERT continues to spearhead efforts to implement and monitor workplace safety measures, record and investigate instances of workplace accidents or non-compliance to safety standards and conduct planned emergency evacuation exercise annually.

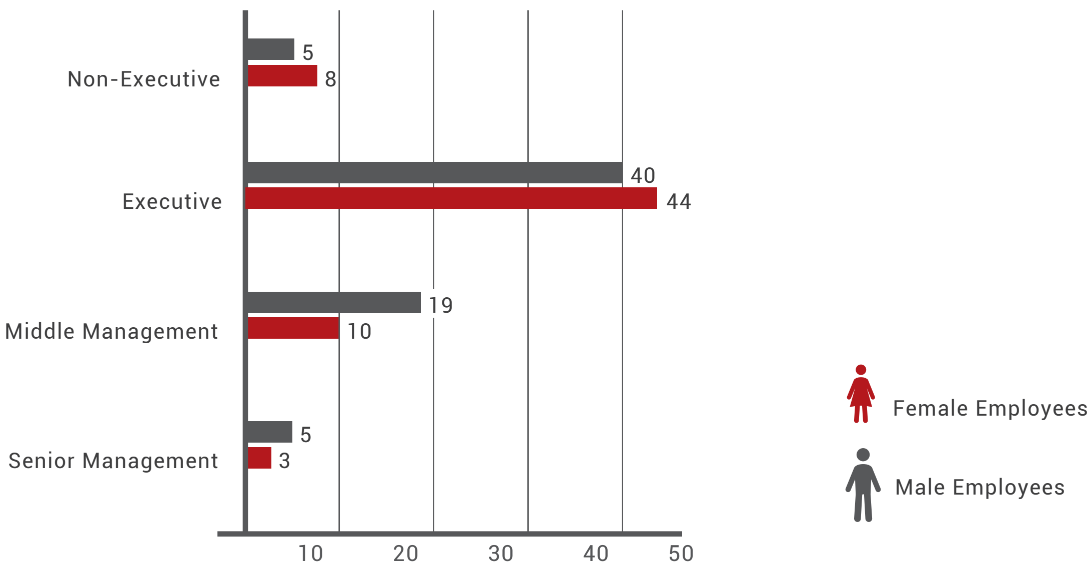
In the area of diversity and inclusion, the Group strictly hires talents based on merit. Academic qualification, experience in the industry and professional skill sets are among the criteria that lead to employee hires rather than gender or racial differentiation.

In developing our talent, the company invested its effort to ensure our employees fulfil their mandatory 8 hours of training per year by participating in various trainings or forums that cover diverse range of business topics. This way, we facilitate our employees to become effective at handling day-to-day tasks and be equipped with the skill set and mindset to enhance their career prospects.

Employee Gender Distribution



Employee Gender Distribution by Job Designation



SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENT SUSTAINABILITY

Hua Yang aims to develop properties that are of quality, affordable and also environmentally sound in terms of energy consumption, water usage and responsible waste management.

Energy Saving Initiatives

T5-fluorescent light tubes

Northern
Meritus Residensi

Central
Sentrio and Astetica

LED lightbulbs

Northern
Meritus Residensi

Central
Sentrio and Astetica

Elevator collective control system

Northern and Central projects

Open Corridor Concept

Central
Sentrio

Types of Waste at our Project Sites

- Wood
- Steel
- Concrete
- Cement mortar
- Bricks
- Construction debris

Central
Employs licensed contractors

Johor Bahru
Employs licensed contractors and recycles their wood and steel construction material

Water Management Practices

RAIN WATER HARVESTING

Northern
Bandar Universiti Seri Iskandar

Central
Sentrio, Astetica and One South

Southern
Citywoods

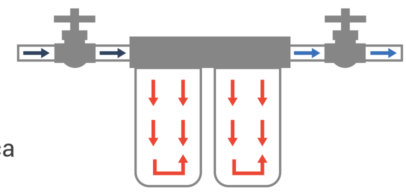
WATER RETENTION POND

Northern
Bandar Universiti Seri Iskandar

Southern
Elemence @ Taman Denai Alam

DUAL FLUSH SYSTEM

Central
Sentrio, Astetica and One South



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL SUSTAINABILITY

As a socially responsible corporate citizen, Hua Yang also actively invests in communities in and around our developments, specifically in support of initiatives that can positively impact and enrich the lives of members of those communities.

AUG 2018

Blood Donation
@ Meritus Residensi

SEPT 2018

Taylor's College - Case Study of Building Services in Multi-Storey Buildings

Ride for Autism

JAN 2019

Medklinn Air Sterilizer Fund Raising for St. John Ambulance of Malaysia Kawasan Pantai Selangor

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Hua Yang Berhad ("Hua Yang" or "the Company") is committed to ensuring that the highest standards of corporate governance are implemented and maintained throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value. Therefore, the Board supports the principles laid out in the Malaysian Code on Corporate Governance 2017 ("the Code"). These principles and practices supported by existing internal controls processes, are regularly audited and reviewed to ensure that transparency, integrity and accountability has been in place for the financial year ended 31 March 2019. Further details on the application of each individual practice of the Code are available in the Corporate Governance Report that is available at the Company's website www.huayang.com.my.

This Statement is prepared pursuant to Paragraph 15.25 of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") and the following describes how the Group has applied the principles and recommendations set out in the Malaysia Code on Corporate Governance ("MCCG").

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Company is led and managed by an experienced Board comprising members with a wide range of experience in relevant fields and bring a broad range of skills, experiences and knowledge required to successfully direct and supervise the Group's business activity.

The role of the Board as stated in the Board Charter is as follows:

- Representing and promoting interest of the shareholders with a view to adding long-term value to the Company's shares.
- Ensuring the positions of Chairman and CEO are held by different individuals.
- Ensuring the Company Goals are clearly established, and that strategies plan developed by Management support long - term value creation and includes strategies on economic, environment and social consideration underpinned by sustainability;
- Directing future expansion and reviewing investment made by the Company;
- Together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behavior;
- Establishing policies to strengthen the performance of the Company including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
- Monitoring the performance of Management to determine whether the business is being properly managed;
- Appointing the CEO, setting the terms of the CEO's employment contract and, where necessary, terminating the CEO's employment with the Company;
- Formulating the succession plan to ensure that all the candidates appointed to senior management positions are of sufficient calibre and that there are programmes to provide for the orderly succession of senior management;
- Deciding on steps to be taken to protect the Company's assets and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken.
- Ensuring proper procedures are in place to ensure the Company's financial statements are true and fair and prepared based on the applicable accounting standards. The financial performance of the Group are reviewed for integrity and approved by the Board;
- Ensuring that the Company has in place appropriate risk management/compliance policies and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks;
- Ensuring that the Company has in place procedures to enable effective communication with stakeholders;
- Ensuring the Board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practice. The appointment and removal of the Secretary shall be a matter of the Board as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

KEY RESPONSIBILITIES OF CHAIRMAN

Tan Sri Dato' Seri Dr. Ting Chew Peh, the Independent Non-Executive Chairman is responsible for the effective conduct and governance of the Board.

The Chairman is principally responsible for the working of the Board which include:

- Providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions and ensuring the integrity and effectiveness of the governance process of the Board.
- Participating in the selection of Board members and ensuring that the membership is properly balanced.
- Setting agenda for Board meetings, usually in conjunction with the CEO and Secretary. The Chairman should ensure that the agenda and all necessary background papers are given to Directors seven (7) days before the meeting to enable the papers to be adequately considered before the meeting.
- Chairing meetings of the Board and general meeting in such a manner that will stimulate debate on the issues before the Board and encourage the most effective contribution from each Director.
- Facilitating meetings of the Board to ensure that no Directors, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Directors is forthcoming.
- Reviewing the minutes of meetings of the Board before meeting, to ensure they accurately reflect the Board's deliberations, and matters arising from the minutes and on which further action is required have been addressed.
- Ensuring the Company provides an orientation and education program for new directors.
- Initiating, normally in conjunction with the CEO, the formulation of a business plan to ensure that the Board establishes at the beginning of each year the goals it wishes to achieve and the means by which this will be carried out.
- Initiating the establishment of Board Committees and ensuring that they achieve their objectives.
- Leading the Board in establishing and monitoring good corporate governance practices in the company.

The Chairman acts as an informal link between the Board and Management and particularly between the Board and the CEO to ensure the Company runs effectively and efficiently.

The Chairman, along with all other Directors, recognises that the CEO is the leader of the Company in all matters of Management. Although the Chairman does not become involved in the Company's day-to-day operations and is kept informed by the CEO of all important matters and will make himself available to the CEO as part of the control mechanism in ensuring that the CEO's decisions are properly considered and are sound, providing assistance and advice when needed especially on sensitive matters which the CEO feels unable to discuss with other executives as well as to ensure that the CEO understands properly the Board's decisions and instructions. The CEO is responsible to report to the Board as a whole and not just to the Chairman.

The Chairman chairs all general meetings and uses this as an opportunity to inform shareholders of the Company's affair including its performance. He allows and encourages shareholders to have their say while remaining relevant to the matter at issue, and the Chairman then summarises and unifies thoughts and ideas that are discussed. He has control over the meeting to ensure the proceedings run smoothly.

The Chairman also leads the role in presenting the Company's proposal, whether formally or informally, with the authorities, institutional or potential investors and those having influence on the environment in which the Company operates.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

KEY RESPONSIBILITIES OF CEO

The principal responsibilities of the CEO include:

- The CEO is responsible in leading the management team, implementation of the policies/decisions approved by the Board, and acts as the Group's official spokesperson.
- The CEO is responsible to plan the future direction of the Group for the Board's consideration and approval.
- Only decisions of the Board acting as a body are binding on the CEO. Decisions or instructions of individual Directors, officers or committees are not binding except in those instances where specific authorisation is given by the Board.
- The CEO, in association with the Chairman, is accountable to the Board for the achievement of the Company goals and the CEO is accountable for the observance of the Management Limitations.

KEY RESPONSIBILITIES OF COMPANY SECRETARIES

The Board of Directors is supported by qualified and competent Company Secretaries.

The Company Secretaries have attended seminars and workshops during the financial year 2018/2019 to keep abreast with the latest development in the Listing Requirements and Companies Act 2016.

The responsibilities of the Company Secretaries are:

- Manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications.
- Advise the Board on its roles and responsibilities.
- Facilitate the orientation of new directors and assist in director training and development.
- Advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements.
- Manage processes pertaining to the annual shareholder meeting.
- Monitor corporate governance developments and assist the board in applying governance practices to meet the Board's needs and stakeholders' expectations.
- Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

All Directors, particularly the Chairman, have access to the advice and services of the Secretary for the purposes of the Board's affairs and the Business.

To facilitate robust Board discussion, the Chairman together with the Company Secretary ensures that Directors are provided with sufficient information and time to prepare for Board meeting. The meeting materials are circulated at least 7 days in advance of the Board meeting

The Company Secretaries record, prepare and circulate the minutes of the meetings of the Board and Board Committees and ensure that the minutes are properly kept at the registered office of the Company and produced for inspection, if required.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

BOARD CHARTER

The Board has formalised and adopted a Board Charter which serves as a source of reference for Directors. The Board Charter is established to provide guidance and clarity on the Board's roles and responsibilities as well as the relationship between the Board and shareholders.

The Board Charter also sets out processes and procedures for convening Board meetings. The Board reviews the Board Charter when it is necessary to ensure it remains consistent with the Board's objectives and responsibilities and any new regulations that may have an impact on the Board's responsibilities.

The full Board Charter is available online at www.huayang.com.my.

CODE OF CONDUCT AND BUSINESS ETHICS

The Board is aware of the need to establish a corporate culture that would foster the common goal of achieving business profitability, whilst cultivating ethical business conducts.

The Board develops and formalises a clear set of values that emphasise a culture encompassing sound business practices and good ethical conduct incorporated in the Code of Conduct and Business Ethics and the formulation of the Group's Policies and Procedures statements of which all employees are required to adhere to, failure of which will result in appropriate action being taken.

The full Code of Conduct and Business Ethics is available online at www.huayang.com.my.

WHISTLEBLOWING POLICY AND PROCEDURES

The Board has established a Whistleblowing policy. This will provide an avenue for the internal or external stakeholders to raise concerns related to possible improprieties in matters of compliance and other malpractices in an appropriate manner and without fear of reprisal or retaliation.

The Whistleblowing Policy seeks to enhance corporate governance by helping to foster an environment where integrity and ethical behavior is maintained and any illegality, improper conduct and / or wrongdoings in the Group may be exposed.

The Policy serves as an early warning system and may enable the Group to remedy any wrongdoings before serious damage is caused.

The full Whistleblowing Policy and Procedures is available online at www.huayang.com.my.

INDEPENDENCE

The Board comprises three (3) Independent Directors out of the seven (7) Directors which represent 43% of the Board composition. The current ratio of Executive Director to Non-Executive Directors is 1:6 and this ensures that the Board decision-making is not pushed through by the executives. The Independent Directors play a key role in providing unbiased and independent views. In the past few years, they consistently strive to attend all the Board meetings to advise and contribute their knowledge and experience. This is to ensure the Board discussions take into account the different viewpoints.

In line with the Code, the Board shall endeavour to increase the number of Independent Directors to half the Board within the next three years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

ANNUAL ASSESSMENT OF INDEPENDENCE

The Board acknowledges the importance of Independent Non-Executive Directors, who provide objectivity, impartiality and independent judgement to ensure that there is an adequate check and balance on the Board. The Board assesses the independence of the Independent Non-Executive Directors on an annual basis by taking into account the individual Director's ability to exercise independent judgment at all times and based on the criteria set out in the Listing Requirements of Bursa Securities.

Based on the assessment carried out during the financial year ended 31 March 2019, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management of the Group. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Company's business and the reporting of quarterly business performances.

TENURE OF INDEPENDENT DIRECTORS

The Code states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, the Nomination Committee and Board have assessed, reviewed and determined that the length of the service of Director does not affect the Directors in exercising their objective and independent judgment to discharge their duties and responsibilities.

Furthermore, the Board is satisfied that Tan Sri Dato' Seri Dr. Ting Chew Peh and Dato' Tan Bing Hua who have served the Board as Independent Non-Executive Directors for more than twelve (12) years respectively still remain objective and had actively participated in the Board's and Board Committee's discussion and provided an independent view to the Board. From time to time, they ensured effective check and balance in the proceedings of the Board and Board Committee. Their vast experiences enabled them to provide the Board with a diverse set of experience and expertise.

BOARD COMPOSITION

The Company has seven (7) members on the Board of whom three (3) are Independent Non-Executive Directors (including the Chairman), one (1) Executive Director and three (3) Non-Independent Non-Executive Directors. A brief profile of each Director is presented on page 18 to 20 of this Annual Report.

The Company is led and managed by an experienced Board comprising members with a wide range of experience in relevant fields such as entrepreneurship, economics, legal, accounting, finance, administration, project development, management, marketing and public service. Together, the Directors bring a broad range of skills, experiences and knowledge to successfully direct and supervise the Group's business activities. The composition of the Board will reflect the duties and responsibilities that is to be discharged and performed as representative of the interests of shareholders, and in setting the Company's strategy and seeing that it is implemented.

Generally, the qualifications for Board membership are the ability and intelligence to make sensible business decisions and recommendations, an entrepreneurial talent for contributing to the creation of Shareholder value, the ability to see the wider picture, the ability to ask the critical questions, preferably some experience in the industry sector, high ethical standards, sound practical sense, and a total commitment to furthering the interests of shareholders and the achievement of the Company goals.

Independent Non-Executive Directors will be active in areas which enable them to relate to the strategies of the Company and to make a meaningful contribution to the Board's deliberations. They will be independent of Management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment. To be effective, Independent Non-Executive Directors should make up at least one third of the Board membership.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The size of the Board will be such that involvement, participation, harmony and sense of responsibility of the Director are not jeopardised. It must be large enough to ensure a range of knowledge, views and experience. Generally, in addition to the listing requirement that one third of the Board should comprise of Independent Non-Executive Directors, the Board should include a number of Directors which fairly reflects the investment in the Company by shareholders other than the significant shareholders.

Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next annual general meeting of the Company but shall be eligible for re-election.

Directors shall retire from office at least once every three years but shall be eligible for re-election.

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board has appointed Dato' Tan Bing Hua as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed. The Senior Independent Non-Executive Director provides a secure and confidential channel to address any concerns conveyed to him directly on matters relating to the Company. Dato' Tan Bing Hua is authorised to seek information as required, from any employee of the Company and all employees are directed to co-operate on any request made by the Senior Independent Non-Executive Director. During the year, there was no issue raised to the Senior Independent Non-Executive Director.

PROMOTE SUSTAINABILITY

The Board is aware of the importance of business sustainability and ensures that there is a plan for promoting sustainability embedded in the development of the Group's strategies, taking into account the environmental, social, cultural and governance aspects of business operations. These strategies seek to meet the expectations of stakeholders such as customers, shareholders, regulators, bankers, joint venture partners and the communities in which the Group operates.

The Sustainability Statement is set out on pages 37 to 43 of this Annual Report.

ACCESS TO INFORMATION AND ADVICE

The Board has full and unrestricted access to all information pertaining to the Group's business and affairs on the Group's developments and business strategies, to enable them to discharge their duties effectively. The agenda and board papers are circulated to the Board members prior to the Board meetings in advance to allow sufficient time for the Board to review, consider and deliberate knowledgeably on the issues and, where necessary, to obtain further information and explanations to facilitate informed decision making.

Senior Management officers may be invited to attend Board meetings when necessary, to furnish the Board with explanations and comments on the relevant agenda items tabled at the Board meetings or to provide clarification on issue(s) that may be raised by any Director.

All Directors have direct and unrestricted access to the advice and services of the Company Secretary and Senior Management and the Board may seek independent professional advice, at the Company's expense if the cost is reasonable in practice and shall first discuss it with the Chairman.

BOARD DIVERSITY

The Board is aware of the gender diversity policy and target as set out in Practice 4.4 of the Code. When appointing a Director, the Nominating Committee and the Board will always evaluate and match the criteria of the candidate to the Board based on individual merits, experience, skill, competency, knowledge and potential contribution, as well as take into consideration the boardroom diversity.

Currently, the Company does not have a policy on diversity of gender, ethnicity and age but the Board recognises the value it can bring and has two lady members on the Board, i.e. Mdm Chew Po Sim and Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud. The age of the Directors range from 45 to 76 and this creates an environment where each generation brings different skills, experience and talents to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

CRITERIA FOR RECRUITMENT AND ASSESSMENT

There is a transparent process for selection, nomination and appointment of suitable candidates to the Board.

The candidates for the Board appointment has been delegated to the Nomination Committee. Such responsibilities include recommendation to the Board of suitable candidates for all directorship to be filled and reviewed annually its mix of skills and experience and other qualities, including core competencies which Non-Executive Director should bring to the Board. In addition, the effectiveness of the Board as a whole by the contribution of each individual Director will be assessed by Nomination Committee.

DIRECTORS' REMUNERATION

The Remuneration Committee is to establish an annually review of the remuneration packages for each individual Executive and Non-Executive Director and Management.

The remuneration of Directors and Management is determined at levels which will enable the Company to attract and retain the Executive Directors and Management in order to run the Company successfully.

Other than the Executive Director, all Non-Executive Directors are paid a fixed fee for each Board and Committee meeting they attend. Directors' fees are subject to the approval of shareholders. The Chairman of the Board and Board Committee are paid a higher fee compared to other Board members and Board Committee members in recognition of their additional responsibilities.

The Executive Director's remuneration is contractual and reflects the Board's recognition of his skills and experience in the industry, job responsibilities and the Group's performance against financial objectives. The Executive Director does not participate in discussion on his own remuneration. It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Director. The Executive Director would abstain from discussion and decision on his own remuneration.

The Board as a whole determines the remuneration package of Non-Executive Directors including the Independent Chairman by linking the remuneration to their experience and level of responsibilities undertaken.

The details of the remuneration of the Directors in respect of the financial year ended 31 March 2019 are as follow:

	FEES (RM)		SALARIES (RM)	BONUSES (RM)	MEETING ATTENDANCE ALLOWANCE (RM)	ESTIMATED MONEY VALUE OF BENEFITS-IN-KIND (RM)
	Company	Subsidiaries	Company	Company	Company	Company
EXECUTIVE DIRECTOR						
Mr Ho Wen Yan	-	-	708,000	59,000	-	7,200
NON-EXECUTIVE DIRECTORS						
Tan Sri Dato' Seri Dr. Ting Chew Peh	163,490	-	-	-	6,000	7,200
Dato' Tan Bing Hua	125,140	-	-	-	6,000	-
Mr Chew Hoe Soon	118,340	-	-	-	6,000	-
Mr Ho Mook Leong	94,000	16,569	-	-	6,000	-
Madam Chew Po Sim	94,000	-	-	-	5,000	-
Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud	94,000	-	-	-	5,000	-
Mr Ho Wen Fan	-	789	-	-	4,000	-
Total	**688,970**	**17,358**	**708,000**	**59,000**	**33,000**	**14,400**

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

DIRECTORS' TRAINING

All directors have attended and successfully completed the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad ("Bursa Securities"). In addition, seminars and conferences organised by Bursa Securities, relevant regulatory bodies and professional bodies on areas pertinent to the Directors are communicated to the Board for their participation. The Board will also identify training needs amongst the Directors and enroll the Directors for training programmes, as and when required.

During the financial year, the Directors have attended training programmes, the details of which are set out as follows:

DIRECTOR	TRAINING PROGRAMME	DATE OF TRAINING
Tan Sri Dato' Seri Dr. Ting Chew Peh	1. Transformation from GST to SST, Driving Value with e-Procurement, Company Constitution and Corporate Liability	3 August 2018
	2. Malaysian Code on Corporate Governance (MCCG) - Moving from Aspiration to Actualization	25 September 2018
	3. Guidelines on Adequate Procedures	23 January 2019
	4. Business Transformation - Drive Impactful Performance Results	6 March 2019
Ho Wen Yan	1. Monthly Vistage - CEO Group	-
	2. Guidelines on Adequate Procedures	23 January 2019
Dato' Tan Bing Hua	1. How to Develop Business Models for Integrated Reporting	14 November 2018
	2. CG Breakfast Series: Companies of the Future - The Role for Boards	4 December 2018
	3. Guidelines on Adequate Procedures	23 January 2019
Chew Hoe Soon	Guidelines on Adequate Procedures	23 January 2019
Chew Po Sim	Guidelines on Adequate Procedures	23 January 2019
Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud	1. Guidelines on Adequate Procedures	23 January 2019
	2. Governance Symposium 2019	7 March 2019
Ho Mook Leong	Guidelines on Adequate Procedures	23 January 2019
Ho Wen Fan	Guidelines on Adequate Procedures	23 January 2019

RETIREMENT OF DIRECTORS

In accordance with the Company's Articles of Association, one-third (1/3) or nearest to one-third (1/3) of the Directors shall retire from office and be eligible for re-election at each annual general meeting provided that all Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election. Directors appointed during the year are subject to retirement and re-election by shareholders in the Annual General Meeting immediately after his/her appointment. A retiring Director shall retain office until the close of the meeting at which he retires.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

BOARD COMMITTEE

(i) **Audit Committee**

The Board is assisted by the Audit Committee, which operates within clearly defined key functions. The composition, terms of reference and activities of the Audit Committee are set out on pages 55 to 57 of this annual report.

(ii) **Nomination Committee**

The Nomination Committee met twice during the financial year and the activities which had been carried out were as follows:

i. Assessed the effectiveness of the Board as a whole and the contribution of each individual Director;
ii. Reviewed the size, composition and the required mix of skills of the Board;
iii. Recommended the re-election of retiring Directors to the Board;
iv. Assessed the independence of the Independent Directors and recommend the continuation in office of Independent Directors who have served more than twelve years; and
v. Reviewed the Nomination Committee Report for inclusion into the Annual Report.

The Nomination Committee's roles and responsibilities are governed by its Terms of Reference which can be obtained from the corporate website, www.huayang.com.my.

In line with the Code, Nomination Committee carries out documented annual evaluation on the effectiveness of the Board as a whole, the various Committees and each Directors, including Independent Non-Executive Directors' contribution to the effectiveness of the Board's decision making process.

The Nomination Committee ensures that all assessments and evaluations carried out are properly documented.

(iii) **Remuneration Committee**

The Remuneration Committee met once during the financial year and the activities which had been carried out were as follows:

i. Reviewed and recommended the bonus, increment and benefits of the staff, senior management and Executive Director to the Board by linking their rewards to corporate and individual performance; and
ii. Reviewed the Directors' fees.

SOUND AND RISK MANAGEMENT AND INTERNAL CONTROLS SYSTEM

The Board acknowledges its responsibility for the Group's system of risk management and internal control and for reviewing its effectiveness regularly by setting up an internal audit and risk management audit function which provides support to Audit Committee in discharging its duties with respect to the adequacy and integrity of the system of risk management and internal control within the Group.

The Statement on Risk Management and Internal Control which has been reviewed by the External Auditors and Audit Committee is set out on pages 61 to 63 of this annual report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

INTERNAL AUDIT FUNCTION

The Directors acknowledge their responsibility to maintain a system of internal control and risk management. The Board seeks regular assurance on the continuity and effectiveness of the internal control and risk management system through independent review by the internal auditors.

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively.

The activities of the internal auditors during the financial year are set out in the Audit Committee Report set out on pages 55 to 57 of this annual report.

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

COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Directors are required by the Companies Act 2016 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Company and the Group. The Directors are satisfied with the presentation of the financial statements of which has been prepared in accordance with the applicable accounting standards, consistently applied and supported by reasonable and prudent judgements and estimates. The Audit Committee assists the Board by scrutinising the information to be disclosed, to ensure accuracy and adequacy. The Group's financial statements are presented on pages 70 to 150 of this annual report.

ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

Through the Audit Committee of the Board, the Group has established a transparent and appropriate relationship with the Group's auditors, both internal and external. The external auditors are invited to attend meetings on special matters when necessary.

STATEMENT ON DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 2016 to prepare financial statements which have been made out in accordance with the Financial Reporting Standards in Malaysia and to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Ensured that Financial Reporting Standards in Malaysia have been followed; and
- Considered the going concern basis used as being appropriate.

The Directors are responsible for ensuring that proper accounting records are kept in compliance with the Companies Act 2016 and disclose with reasonable accuracy of the financial position of the Group and of the Company.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

CORPORATE DISCLOSURE POLICY

The Board is satisfied that during financial year under review the Company has applied most of the Principles and Recommendations of the Code.

The Board, will moving forward, continues to make considerable efforts in working towards aligning the Company's governance framework as far as practicable to the Principles and Recommendations of the Code.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

LEVERAGE ON INFORMATION TECHNOLOGY FOR EFFECTIVE DISSEMINATION OF INFORMATION

The Board values the importance of effective, clear and timely releases of financial information and updates on other developments to enable shareholders and the general public to receive information on the performance and prospects of the Group on a regular basis.

Shareholders, investors and members of the public are able to access such announcements on Bursa Securities' website at www.bursamalaysia.com and other information via the Company's website at www.huayang.com.my.

Shareholders, investors and members of the public may also forward their queries to the Company by contacting its Corporate Communication team at Tel: 603-6188 4488, Fax: 603-6188 4487 and Email: kl@huayang.com.my.

The Board recognises the use of the Annual General Meeting as a principal forum for dialogue and communication with shareholders. Extraordinary General Meeting is held as and when required.

ENCOURAGE SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

The Annual Report, which contains the Notice of Annual General Meeting, is sent to shareholders at least 28 days prior to the date of the meeting. Items of special business included in the Notice of Annual General Meeting will be accompanied by an explanation of the proposed resolution.

At each meeting, shareholders are able to participate in the question-and-answer session in respect of the matters listed in the Notice of Annual General Meeting. There is no time limitation for shareholders to raise questions and to solicit replies from the Board.

Paragraph 8.29A of the Main Market Listing Requirements provides that any resolution set out in the notice of any general meeting or in any notice of resolution which properly be moved and is intended to be moved at any general meeting, shall be voted by poll. At least one (1) scrutineer will be appointed to validate the votes cast at the general meeting who must not be an officer of the Company or its related corporation, and must be independent of the person undertaking the polling process. Consequently, decisions at the Company's AGM scheduled to be held on 28 August 2019 will be conducted via polling, and for this purpose, the Company will engage independent scrutineers to validate the voting at the forthcoming AGM for each proposal presented to shareholders.

EFFECTIVE COMMUNICATION AND PROACTIVE ENGAGEMENT

An Investor Relations and Shareholder Communication Policy has been adopted by the Board to enable the Company to communicate effectively with its shareholders, potential investors, other stakeholders and public generally. The Board recognises and values the importance of informing shareholders of all major developments of the Group on a timely basis.

Apart from the mandatory announcements on the Group's financial results and corporate developments to Bursa Securities, the Group disseminates information to the public via press releases which provide up-to-date information on the Group's key corporate initiatives, new products and services launches.

TIME COMMITMENT

Board meetings are held at regular intervals with additional meetings convened when necessary. During the financial year, the Board met five (5) times to review the Group's operations, quarterly and annual financial statements and any other matters that required the Board's approval. Details of each Director's attendance are set out on page 23 of this annual report.

AUDIT COMMITTEE REPORT

The Audit Committee currently comprises of the following members:

Chairman
Dato' Tan Bing Hua (Senior Independent Non-Executive Director)

Members
Tan Sri Dato' Seri Dr. Ting Chew Peh (Independent Non-Executive Director)
Chew Hoe Soon (Non-Independent Non-Executive Director)

KEY FUNCTIONS OF AUDIT COMMITTEE

- To consider any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- To review the quarterly unaudited financial results announcements, the audited financial statements of the Group before recommending for the Board of Directors' approval, focusing on:
  - compliance with accounting standards and regulatory requirements
  - any changes in accounting policies and practices
  - compliance with Bursa Malaysia and other statutory requirements
  - going concern issues of any activities
  - significant and unusual issues arising from the audit
- To discuss with the external auditor the results of the audit and area for improvement in the system of internal control identified during the audit, if any;
- To consider and recommend the appointment of the external auditors, their remuneration and any questions of resignation or dismissal;
- To recommend the nomination of a person or persons as external auditors;
- To assist the Board in the review of adequacy and effectiveness of the internal control system including information technology security and control, and the policies and the compliance procedures with respect to business practice;
- To review the risk management policies and practices of the Group to ensure their effectiveness;
- To assist the Board in the preparation of the Audit Committee Report for inclusion in the Annual Report;
- To discuss with the external auditors, their audit plan and the scope of audit and ensure co-ordination where more than one audit firm is involved;
- To review the assistance given by the employees of the Group to the external auditors;
- To carry out such other responsibilities, functions or assignments as may be directed by the Board of Directors from time to time;
- To review the external auditors' management letter and management's response;
- To do the following in relation to the internal audit function:
  - review the internal audit programme and consider the findings arising from internal audit report or other internal investigations and management's response and to determine appropriate corrective actions required by management;
  - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - review any appraisal or assessment of the performance of members of the internal audit function, if applicable;
  - approve any appointment or termination of senior staff members of the internal audit function, if applicable; and
  - take cognizance of resignations of internal audit staff members and provide the resignation staff member an opportunity to submit his reasons for resignation, if applicable.
- To consider other topics as defined by the Board.

AUDIT COMMITTEE REPORT (CONT'D)

MEETINGS

Five (5) meetings were held during the financial year ended 31 March 2019 and the attendance of the Audit Committee is as follows:

NAME OF COMMITTEE		ATTENDANCE
1.	Tan Sri Dato' Seri Dr. Ting Chew Peh	5/5
2	Dato' Tan Bing Hua	5/5
3	Chew Hoe Soon	5/5

The External Auditors were invited to present the Audit Plan for the financial year 2019 and their report on the examination of the financial statements. The Audit Committee met with the External Auditors twice during the year without the presence of the Executive Board member and executives of the Company. The Chief Financial Officer attends the Audit Committee meeting to present the financial results whilst other Board members attend on invitation.

The Chairman of the Audit Committee engages on a continuous basis with senior management of the Company in order to be kept informed of matters affecting the Company.

Nothing has came to the attention of the Audit Committee that causes them to believe that the financial reporting is inconsistent with the accounting standards and other legal requirements.

HIGHLIGHTS OF ACTIVITIES

In accordance with the terms of reference of the Audit Committee, the following activities were undertaken by the Audit Committee during the financial year ended 31 March 2019:

(a) Reviewed the unaudited consolidated quarterly results and audited financial statements of the Company and of the Group before recommending them to the Board for approval and prior to the announcement/submission to Bursa Securities.

(b) Reviewed the audit plan, scope of audit and the results of the external audit with the external auditors.

(c) Reviewed the performance of the external auditors.

(d) Reviewed and approved the internal audit plan and internal audit reports and considered the major findings of internal audit review and management's response.

(e) Reviewed and approved the risk management audit plan.

(f) Reviewed the Statement on Risk Management and Internal Control and the Audit Committee Report for inclusion into the Annual Report.

(g) Reviewed and approved the appointment of new enterprise risk management consultant.

(h) Reviewed the re-appointment of external auditors and the proposed audit fees prior to recommend the same to the Board for approval.

(i) Reviewed and proposed related party transaction to the Board for approval.

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an external consultant who reports directly to the Audit Committee. The role of the internal audit function is to undertake independent, objective, regular and systematic reviews of the systems of internal controls and governance practices of the Group so as to provide reasonable assurance that such systems continue to operate effectively in managing the Group's risks.

The internal audit function has carried out the independent internal audit assignments on certain functions of the Group according to the approved annual risk based internal audit plan and the applicable International Standards for the Professional Practice of Internal Auditing which form part of the International Professional Practices Framework of the Institute of Internal Auditors. The resultant internal audit reports, summarizing the findings, recommendations as well as management response, were presented to the Audit Committee for deliberation periodically and forwarded to the Management for their necessary action.

The internal audit function adopts a risk based audit methodology, which is aligned with the risks of the Group to ensure that the relevant controls addressing those risks are reviewed on a timely basis.

Follow-up reviews were also conducted in ensuring that the recommendations of the internal auditors have been adopted and implemented by the Management. The total cost incurred for the Group's internal audit function during the financial year was RM52,500.

For the financial year 2019, the main activities of the internal audit function focused on the following:

(i) Review the processes in the area of Project Management - Monitoring of Cost and Progress;

(ii) Review of Corporate Governance Compliance;

(iii) Review on Risk Management - Scope of Work and Planned Schedule; and

(iv) Review the processes in the area of Sales and Marketing Function.

NOMINATION COMMITTEE REPORT

COMPOSITION

The Company has established a Nomination Committee comprising:-

Tan Sri Dato' Seri Dr. Ting Chew Peh	Chairman (Independent Non-Executive Director)
Dato' Tan Bing Hua	Member (Senior Independent Non-Executive Director)
Chew Hoe Soon	Member (Non-Independent Non-Executive Director)

The Nomination Committee has a written terms of reference dealing with its authority and duties which includes the selection and assessment of Directors.

KEY FUNCTIONS OF NOMINATION COMMITTEE

The key functions of the Nomination Committee are as follows:

- Examine the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness.
- Review annually its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and disclose the same in the Annual Report.
- Recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors.
- Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board having taken into consideration the skills, knowledge, expertise and experience, professionalism and integrity of the candidate. In the case of candidates for position of Independent Non-Executive Directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities / functions as expected from Independent Non-Executive
- Formalise a transparent procedure for proposing new nominees and recommending on the suitability of candidates nominated for appointment to the Board and to fill the seats of the Audit, Nomination, Remuneration and other Committees.
- Assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director based on the process implemented by the Board.

The Nomination Committee met two times during the financial year ended 31 March 2019.

NOMINATION COMMITTEE REPORT (CONT'D)

HIGHLIGHTS OF ACTIVITIES

During the financial year ended 31 March 2019, the Nomination Committee, in discharging its functions and duties, carried out the following activities:

(a) Assessed the effectiveness of the Board as a whole and the contribution of each individual Director;

(b) Reviewed the size, composition and the required mix of skills of the Board;

(c) Recommended the reelection and reappointment of retiring Directors to the Board;

(d) Assessed the independence of the Independent Directors and recommend the continuation in office of Independent Directors who have served more than twelve years; and

(e) Reviewed and recommended the Nomination Committee Report for inclusion into the Annual Report.

The Nomination Committee upon its annual assessment carried out for financial year 2019, was satisfied that:

(a) The size and composition of the Company's Board is optimum with appropriate mix of knowledge, skills, attribute and core competencies;

(b) The Board has been able to discharge its duties professionally and effectively;

(c) The Board Committees have carried out their functions effectively;

(d) All the Directors continued to uphold the highest governance standards in discharging their duties and responsibilities;

(e) All the Members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective skills and work experience, academics and professional qualifications, depth of knowledge, and their personal qualities;

(f) The Directors are able to devote sufficient time commitment to their roles and responsibilities as evidenced by their attendance records; and

(g) The trainings attended by the Directors during the financial year ended 31 March 2019 were relevant and would serve to enhance their effectiveness in the Board.

ADDITIONAL COMPLIANCE INFORMATION

To comply with the Listing Requirements, the following information is provided:-

1. Utilisation of Proceeds Raised from any Corporate Proposals

There were no proceeds raised from corporate proposal.

2. Audit and Non-Audit Fees

The details of fees paid / payable to the external auditors for the financial year ended 31 March 2019 as set out below:

	Group (RM'000)	Company (RM'000)
Statutory Audit	341	103
Other Services	147	115
Total	488	218

3. Material Contracts Involving Directors and Major Shareholders' Interest

There were no material contracts entered into by the Company and /or its subsidiaries involving Directors and major shareholders' interest either subsisting at the end of the financial year or entered into since the end of the previous financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For Financial Year Ended 31 March 2019

INTRODUCTION

The Board of Directors ("the Board") of Hua Yang Berhad ("HYB" or "the Company") remains committed towards maintaining high standards of governance, accountability and transparency as well as towards governing itself in accordance with the relevant regulations and laws with the objectives of safeguarding shareholders' interest as well as protecting the Company's assets. In line with this, the Board of Directors ("the Board") of HYB is pleased to provide the following statement as required under Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which is prepared in accordance with the guidance in the Statement on Risk Management and Internal Control: Guidelines for Directors' of Listed Issuers. This statement outlines the nature and scope of internal control of HYB Group ("the Group") and the risk management framework for the financial year ended 31 March 2019.

BOARD RESPONSIBILITIES

The Board acknowledges its responsibilities in maintaining a risk management framework and internal control system as well as to review the adequacy and integrity of the system. The system of risk management and internal control covers, inter alia, financial, operational, management information systems, organisational and compliance controls. In view of the inherent limitations in any system of risk management and internal control, such system is designed to manage rather than eliminate the risks that may impede the achievement of the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, and this process has been in place throughout the year and up to the date of approval of this annual report and financial statements. The Board reviews the adequacy and effectiveness of the risk management process across the various business segments within the Group on half yearly basis.

Whilst the Board maintains ultimate control over risk and control issues, the Board has outsourced the risk management function to a professional services firm to provide risk management services within an established framework.

The risk management process of the Group is embedded in the Risk Management Framework & Policy and Procedure which is guided by the globally accepted standard for risk management, ISO31000 *Risk Management- Principles and Guidelines.*

The risk management process, amongst others, include the following procedures:

- Identify risks
- Assess the potential impact and likelihood of the risk occurring
- Respond to risks by considering existing controls as well as selecting, prioritising and implementing appropriate actions
- Monitor the internal and external environment for potential changes to risks and ensure that risk responses continue to operate effectively
- Report on risks and the status of risk responses adopted

The above procedures are undertaken via half yearly validation meetings conducted by the outsourced professional services firm with key management personnel and heads of department of the Group's various business segments. The Key Risk Profile ("KRP") of the various business segments are updated during the validation meetings in relation to the identification of new risks, relevance of risks, details of controls, management's action plans and rating of risks.

Based on the information furnished during the validation meetings, information on root causes and possible consequences of key risks and related controls risk response are compiled into Key Risk Indicators ("KRI") and are reflected in the respective individual KRPs. In compiling the KRI, the identified key risks are also rated and prioritised in terms of likelihood of the risk occurring and its impact should the risk occur. In the event the risk ratings were regarded by the Group to be higher than tolerable levels, action plans were devised to establish additional mitigation measures to reduce the risk rating to the acceptable level, where possible.

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

For Financial Year Ended 31 March 2019

INTERNAL CONTROL MECHANISM

The internal audit function is outsourced to a professional services firm. The work scope covered by the professional services firm, amongst others, include the independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. During the financial year ended 31 March 2019, the outsourced internal audit service provider carried out audits in accordance with the internal audit plan approved by the Audit Committee and other areas recommended by Senior Management of the Group. The results of the internal audit and the recommendations for improvement were presented to the Audit Committee at its quarterly meetings.

During their internal audit visits, the outsourced internal audit service provider has reviewed the compliance to the Group's policies and procedures and the adequacy and effectiveness of the Group's system of internal control. Areas of improvement in internal controls have been identified and the implementation of action plans based on proposed recommendations have subsequently been initiated.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

<u>Organisation Structure & Authorisation Procedures</u>

The Group maintains a formal line of reporting, that includes the division of responsibilities and delegation of authority. It sets out the roles and responsibilities, authority limits, review and approval procedures within the various operational segments. This includes establishing various Committees with defined terms of reference.

<u>Periodical and/or Annual Budget</u>

The Group has a budgeting and forecasting system. The annual business plan and budget are approved by the Board. Actual results are monitored against budget where significant variances identified are highlighted to the Board to discuss on corrective action.

<u>Scheduled Operational and Management Committee Meetings</u>

Operational and Management Committee Meetings are held at least once a month to discuss and monitor business and operational performances of the Group. Proceedings of the Operational and Management Committee Meetings are minuted and presented to the Board in their quarterly meetings.

<u>Periodic Reporting</u>

Quarterly Management Discussion and Analysis are submitted by the Chief Financial Officer to the Board to provide a brief overview on financial and operational performance of the Group.

<u>Site Visits</u>

Site visits for ongoing projects are performed by members of the Senior Management team to ensure that contractual obligations of the Group are met.

<u>Human Resource Policies & Procedures</u>

Human resource policies and procedures on recruitment, performance appraisals and promotion are in place. The objective of the human resource policies and procedures is to ensure that the Group has a team of employees who are well trained and equipped with the necessary knowledge, skills and abilities to carry out their responsibilities and tasks effectively.

<u>Discretionary Authority Limits</u>

The Board had formally define levels of authority for various transactions through the Discretionary Authority Limits.

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

For Financial Year Ended 31 March 2019

MATERIAL ASSOCIATE

The disclosures in this statement do not include the risk management and internal control practices of the Company's associate. The Company's interest in the associate is safeguarded through the appointment of the Chief Executive Officer to the Board of Directors and working committees of the associate.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditor has reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 March 2019. They have reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material respect:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers,* nor

(b) is factually inaccurate.

SUMMARY

The Board has received assurance from HYB's Chief Executive Officer and Chief Financial Officer that the risk management and internal control system is operating adequately and effectively in all material aspects.

In accordance with the assessment of the Group's system of risk management and internal control, the Board is of the view that the risks undertaken by the Group were within tolerable level in the context of the business environment the Group operates in. The system of risk management and internal control that existed throughout the year comprising the internal control framework, management processes, monitoring and review process, provided a level of confidence on which the Board is able to rely upon for assurance. During the year under review, nothing has come to the attention of the Board which would result in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report. Not with standing this, the Board will continue to ensure that the Group's system of risk management and internal control will continuously evolve with the current changing and challenging business environment.

This statement was approved by the Board of Directors at its Meeting held on 17 July 2019.

FINANCIAL STATEMENT

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DIRECTORS' REPORT
For The Year Ended 31 March 2019

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, property development and provision of management services whilst the principal activities of the subsidiaries are stated in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

RESULTS

	Group	Company
	RM	RM
Loss for the year attributable to:		
- Owners of the Company	(22,230,016)	(51,459,678)
- Non-controlling interest	(239,729)	-
	(22,469,745)	(51,459,678)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

DIVIDENDS

The Directors do not recommend any dividend to be paid for the financial year ended 31 March 2019.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Tan Sri Dato' Seri Dr. Ting Chew Peh
Ho Wen Yan
Ho Mook Leong
Dato' Tan Bing Hua
Chew Po Sim
Ho Wen Fan (alternate director to Chew Po Sim)
Chew Hoe Soon
Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud

DIRECTORS OF THE SUBSIDIARIES

Directors of the subsidiaries who served during the financial year until the date of this report are:

Ho Wen Yan
Ho Mook Leong
Ho Wen Fan

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
The Company	At 1.4.2018	Bought	Sold	At 31.3.2019
Direct interest:				
Tan Sri Dato' Seri Dr. Ting Chew Peh	391,110	-	-	391,110
Ho Wen Yan	1,564,440	-	-	1,564,440
Ho Mook Leong	2,215,823	-	-	2,215,823
Dato' Tan Bing Hua	70,221	-	-	70,221
Chew Hoe Soon	363,554	-	-	363,554
Deemed interest:				
Tan Sri Dato' Seri Dr. Ting Chew Peh#	336,274	-	-	336,274
Ho Wen Yan*	111,589,294	500,000	-	112,089,294
Ho Mook Leong^	109,154	495,000	-	604,154
Dato' Tan Bing Hua#	-	200,000	-	200,000
Chew Po Sim*	111,589,294	500,000	-	112,089,294
Chew Hoe Soon^	758,220	51,700	-	809,920
Ho Wen Fan*	111,589,294	500,000	-	112,089,294

Ho Wen Yan, Chew Po Sim and Ho Wen Fan by virtue of their interest in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent that the Company has an interest.

* Deemed interested through shares held in another corporation, Heng Holdings Sdn. Berhad
\# Deemed interested through spouse.
^ Deemed interested through spouse and children.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company and no debentures were issued during the financial year.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of sum insured and premium paid for Directors and officers of the Company are RM10,000,000 and RM10,625 respectively.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have 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:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) 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, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except for the impairment as disclosed in Note 20, the financial performance of the Group and of the Company for the financial year ended 31 March 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS DURING THE YEAR

The significant events are as disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 20 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....	....
Ho Wen Yan	Ho Wen Fan
Director	Director

Kuala Lumpur,

Date: 17 July 2019

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2019

		Group			Company		
	Note	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
		RM	RM	RM	RM	RM	RM
Assets							
Property, plant and equipment	3	15,099,889	16,610,934	8,983,326	5,455,169	5,781,610	6,018,373
Investment properties	4	1,696,251	1,739,009	1,781,766	1,908,538	1,954,596	2,000,653
Intangible assets	5	16,941,800	23,741,140	25,510,306	-	-	-
Investments in subsidiaries	6	-	-	-	167,953,841	125,091,146	125,091,146
Investment in an associate	7	160,508,306	189,440,202	66,701,555	-	-	-
Inventories	8	478,626,857	455,574,695	442,600,038	6,702,085	6,702,085	6,654,385
Trade and other receivables	9	8,388,756	8,753,250	6,572,868	75,353	63,720	62,720
Deposits placed with licensed banks	10	3,275,841	3,187,883	3,101,738	569,456	552,333	535,466
Deferred tax assets	11	14,955,796	15,121,747	12,947,394	2,258,628	2,230,935	2,164,581
Total non-current assets		699,493,496	714,168,860	568,198,991	184,923,070	142,376,425	142,527,324
Inventories	8	338,441,207	327,227,511	298,515,477	283,411	564,039	888,079
Contract assets	12	70,117,601	50,117,820	76,898,761	-	-	-
Contract costs	12	24,246,601	18,785,293	11,236,423	-	-	-
Other current assets	13	547,637	311,494	890,937	222,406	215,720	425,891
Current tax assets		3,543,600	5,780,544	-	-	-	-
Trade and other receivables	9	43,145,250	74,508,457	52,985,766	407,963,340	408,831,126	351,739,024
Cash and bank balances	10	16,587,255	16,280,160	44,628,701	2,559,372	309,612	4,608,576
Total current assets		496,629,151	493,011,279	485,156,065	411,028,529	409,920,497	357,661,570
Total assets		1,196,122,647	1,207,180,139	1,053,355,056	595,951,599	552,296,922	500,188,894

STATEMENTS OF FINANCIAL POSITION (CONT'D)
As At 31 March 2019

		Group			Company		
	Note	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Equity							
Share capital	14	352,000,000	352,000,000	352,000,000	352,000,000	352,000,000	352,000,000
Retained earnings/ (Accumulated losses)	15	217,498,216	241,545,674	246,423,583	(48,277,760)	3,181,918	863,423
Translation reserves	15	(6,933,000)	(2,581,000)	-	-	-	-
Equity attributable to owners of the Company		562,565,216	590,964,674	598,423,583	303,722,240	355,181,918	352,863,423
Non-controlling interests		22,577,713	-	-	-	-	-
Total equity		585,142,929	590,964,674	598,423,583	303,722,240	355,181,918	352,863,423
Liabilities							
Trade and other payables	16	6,541,031	18,987,560	13,622,641	-	-	-
Deferred tax liabilities	11	37,593,147	20,006,615	19,645,341	-	-	-
Loans and borrowings	17	310,622,634	230,105,019	191,454,074	95,936,661	82,815,000	80,680,000
Total non-current liabilities		354,756,812	269,099,194	224,722,056	95,936,661	82,815,000	80,680,000
Trade and other payables	16	137,614,603	134,045,322	136,668,543	140,102,709	43,905,083	43,359,731
Contract liabilities	12	26,148,539	1,355,482	4,832,666	-	-	-
Loans and borrowings	17	92,459,764	211,715,467	86,931,340	55,936,803	69,991,600	23,040,000
Current tax liabilities		-	-	1,776,868	253,186	403,321	245,740
Total current liabilities		256,222,906	347,116,271	230,209,417	196,292,698	114,300,004	66,645,471
Total liabilities		610,979,718	616,215,465	454,931,473	292,229,359	197,115,004	147,325,471
Total equity and liabilities		1,196,122,647	1,207,180,139	1,053,355,056	595,951,599	552,296,922	500,188,894

The notes on pages 78 to 150 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For The Year Ended 31 March 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue	18	272,520,410	227,356,722	10,888,270	15,488,510
Cost of sales		(198,790,940)	(162,359,842)	(280,628)	(324,040)
Gross profit		73,729,470	64,996,880	10,607,642	15,164,470
Other income	19	8,100,144	1,657,498	12,944,012	9,808,109
Administrative expenses		(46,207,761)	(31,224,290)	(17,905,405)	(9,221,422)
Selling and marketing expenses		(12,600,898)	(13,785,081)	-	-
Net loss on impairment of financial instruments		(17,024)	-	(42,783,009)	-
Results from operating activities	20	23,003,931	21,645,007	(37,136,760)	15,751,157
Finance costs	21	(20,166,773)	(14,332,555)	(14,104,923)	(5,844,718)
Share of (loss)/profit of equity-accounted associate, net of tax		(16,649,000)	1,313,000	-	-
(Loss)/Profit before tax		(13,811,842)	8,625,452	(51,241,683)	9,906,439
Tax expense	23	(8,657,903)	(6,463,361)	(217,995)	(547,944)
(Loss)/Profit for the year		(22,469,745)	2,162,091	(51,459,678)	9,358,495
Other comprehensive loss, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Share of other comprehensive loss of equity-accounted associate		(4,352,000)	(2,581,000)	-	-
Total comprehensive (loss)/income		(26,821,745)	(418,909)	(51,459,678)	9,358,495
(Loss)/Profit attributable to:					
Owners of the Company		(22,230,016)	2,162,091	(51,459,678)	9,358,495
Non-controlling interests		(239,729)	-	-	-
(Loss)/Profit for the year		(22,469,745)	2,162,091	(51,459,678)	9,358,495
Total comprehensive (loss)/income attributed:					
Owners of the Company		(26,582,016)	(418,909)	(51,459,678)	9,358,495
Non-controlling interests		(239,729)	-	-	-
Total comprehensive (loss)/income for the year		(26,821,745)	(418,909)	(51,459,678)	9,358,495
Basic (loss)/earnings per ordinary share (sen)	24	(6.32)	0.61		

The notes on pages 78 to 150 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Year Ended 31 March 2019

		Attributable to owners of the Company					
Group	Note	Share capital RM	Non-distributable Translation reserves RM	Distributable Retained earnings RM	Total RM	Non-controlling interest RM	Total equity RM
At 1 April 2017		352,000,000	-	246,423,583	598,423,583	-	598,423,583
Total other comprehensive income for the year							
- Share of losses of equity-accounted associate		-	(2,581,000)	-	(2,581,000)	-	(2,581,000)
Profit for the year		-	-	2,162,091	2,162,091	-	2,162,091
Total comprehensive income for the year		-	(2,581,000)	2,162,091	(418,909)	-	(418,909)
Contributions by and distributions to owners of the Company							
- Dividends to owners of the Company	25	-	-	(7,040,000)	(7,040,000)	-	(7,040,000)
Total transactions with owners of the Company		-	-	(7,040,000)	(7,040,000)	-	(7,040,000)
At 31 March 2018		352,000,000	(2,581,000)	241,545,674	590,964,674	-	590,964,674
		Note 14	Note 15	Note 15			
At 1 April 2018		352,000,000	(2,581,000)	241,545,674	590,964,674	-	590,964,674
Total other comprehensive income for the year							
- Share of losses of equity-accounted associate		-	(4,352,000)	-	(4,352,000)	-	(4,352,000)
Loss for the year		-	-	(22,230,016)	(22,230,016)	(239,729)	(22,469,745)
Total comprehensive loss for the year		-	(4,352,000)	(22,230,016)	(26,582,016)	(239,729)	(26,821,745)
Changes in ownership interest in a subsidiary	34.3	-	-	(1,817,442)	(1,817,442)	22,817,442	21,000,000
At 31 March 2019		352,000,000	(6,933,000)	217,498,216	562,565,216	22,577,713	585,142,929
		Note 14	Note 15	Note 15			

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 March 2019

Company	Note	Share capital RM	Retained earnings/ (Accumulated losses) RM	Total equity RM
		← Attributable to owners of the Company →		
			Distributable	
At 1 April 2017		352,000,000	863,423	352,863,423
Profit and total comprehensive income for the year		-	9,358,495	9,358,495
Contributions by and distributions to owners of the Company				
- Dividends to owners of the Company	25	-	(7,040,000)	(7,040,000)
Total transactions with owners of the Company		-	(7,040,000)	(7,040,000)
At 31 March 2018/1 April 2018		352,000,000	3,181,918	355,181,918
Loss and total comprehensive loss for the year		-	(51,459,678)	(51,459,678)
At 31 March 2019		352,000,000	(48,277,760)	303,722,240
		Note 14	Note 15	

The notes on pages 78 to 150 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For The Year Ended 31 March 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from operating activities					
(Loss)/Profit before tax		(13,811,842)	8,625,452	(51,241,683)	9,906,439
Adjustments for:					
Amortisation of concession assets	5	630,160	630,160	-	-
Bargain purchase gain		(6,427,925)	-	-	-
Depreciation of:					
- investment properties	4	42,758	42,757	46,058	46,057
- property, plant and equipment	3	2,065,255	1,166,802	509,345	613,768
Dividend income	18	-	-	(6,150,000)	(11,000,000)
Finance income	19	(709,965)	(812,737)	(12,830,795)	(9,650,096)
Finance costs	21	20,166,773	14,332,555	14,104,923	5,844,718
Gain on disposal property, plant and equipment		(757)	-	(238)	-
Impairment loss:					
- amount due from subsidiaries		-	-	42,783,009	-
- concession assets	5	583,450	537,901	-	-
- goodwill	5	5,585,730	966,065	-	-
- trade receivables		19,865	447,434	-	-
- investment in an associate		7,930,896	-	-	-
- investment in a subsidiary		-	-	7,123,110	-
Property, plant and equipment written off		10,582	19,888	-	-
Share of loss/(profit) of equity accounted associate		16,649,000	(1,313,000)	-	-
Operating profit/(loss) before changes in working capital		32,733,980	24,643,277	(5,656,271)	(4,239,114)
Changes in working capital:					
- Contract assets		(19,999,781)	26,780,941	-	-
- Contract costs		(5,461,308)	(7,548,870)	-	-
- Contract liabilities		24,793,057	(3,477,184)	-	-
- Inventories		71,673,067	(32,428,943)	280,628	276,340
- Trade and other receivables and other current assets		10,726,955	(2,233,631)	(1,417,740)	(22,788,649)
- Trade and other payables and other current liabilities		(9,549,636)	9,781,698	(106,607)	(1,034,537)
Cash generated from/(used in) operations		104,916,334	15,517,288	(6,899,990)	(27,785,960)
Interest paid		(1,250,728)	(714,215)	(792,901)	(578,255)
Interest received		454,703	475,304	12,830,390	16,867
Tax paid		(7,984,358)	(15,833,852)	(395,823)	(456,717)
Net cash from/(used in) operating activities		96,135,951	(555,475)	4,741,676	(28,804,065)

STATEMENTS OF CASH FLOWS (CONT'D)
For The Year Ended 31 March 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from investing activities					
Acquisition of a subsidiary, net of cash and cash equivalent acquired	31	(48,383,805)	-	(48,385,805)	-
Acquisition of:					
- an associate		-	(124,006,647)	-	-
- concession assets		-	(364,960)	-	-
- property, plant and equipment	(i)	(450,290)	(8,814,298)	(34,956)	(377,005)
Advances given to subsidiaries		-	-	(63,115,395)	(24,461,053)
Deposit for acquisition of a subsidiary		-	(21,000,000)	-	-
Dividends received		-	-	6,150,000	11,000,000
Incorporation of a subsidiary		-	-	(2)	-
Proceeds from disposal of:					
- property, plant and equipment		35,365	-	1,400	-
- shares in a subsidiary		21,000,000	-	21,000,000	-
Net cash used in investing activities		(27,798,730)	(154,185,905)	(84,384,758)	(13,838,058)
Cash flows from financing activities					
Change in pledged deposits		(87,958)	(86,145)	(17,123)	(16,867)
Dividend paid		-	(14,080,000)	-	(14,080,000)
Interest paid		(29,054,970)	(22,876,088)	(11,039,346)	(4,515,846)
Drawdown of loans and borrowings		272,818,463	247,197,462	93,000,000	72,000,000
Repayment of loans and borrowings		(311,841,879)	(99,564,464)	(93,010,128)	(34,905,000)
Repayment of finance lease liabilities		(41,951)	-	(41,951)	-
Advances received from subsidiaries		-	-	94,031,557	7,869,272
Net cash (used in)/from financing activities		(68,208,295)	110,590,765	82,923,009	26,351,559
Net increase/(decrease) in cash and cash equivalents		128,926	(44,150,615)	3,279,927	(16,290,564)
Cash and cash equivalents at beginning of year		478,086	44,628,701	(11,681,988)	4,608,576
Cash and cash equivalents at end of year	(ii)	607,012	478,086	(8,402,061)	(11,681,988)

STATEMENTS OF CASH FLOWS (CONT'D)
For The Year Ended 31 March 2019

(i) Additions of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM599,400 and RM184,066 respectively, of which RM149,110, were acquired by means of finance leases.

(ii) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Deposits	10	3,275,841	3,187,883	569,456	552,333
Less: Pledged deposits	10	(3,275,841)	(3,187,883)	(569,456)	(552,333)
		-	-	-	-
Cash and bank balances	10	16,587,255	16,280,160	2,559,372	309,612
Less: Bank overdraft	17	(15,980,243)	(15,802,074)	(10,961,433)	(11,991,600)
		607,012	478,086	(8,402,061)	(11,681,988)

The notes on pages 78 to 150 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Hua Yang Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business/Registered office
C-21, Jalan Medan Selayang 1
Medan Selayang
68100 Batu Caves
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the year ended 31 March 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates. The financial statements of the Company as at and for the year ended 31 March 2019 do not include other entities.

The Company is principally engaged in investment holding, property development and provision of management services whilst the principal activities of the subsidiaries are stated in Note 6 to the financial statements. There have been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 17 July 2019.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia. This is the Group's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia. The financial impact on transition to MFRS is disclosed in Note 35 to the financial statements.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the above mentioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 April 2019 for those accounting standard, interpretation and amendments that are effective for annual periods beginning on or after 1 January 2019; and

- from the annual period beginning on 1 April 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, interpretations and amendments is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases,* IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1. BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements (cont'd)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 2(l)(ii) and Note 5 - impairment of intangible assets
- Note 2(l)(ii) and Note 6 - impairment of investment in subsidiaries
- Note 2(l)(ii) and Note 7 - impairment of investment in an associate
- Note 2(h) and Note 8 - valuation of inventories
- Note 2(r) and Note 11 - valuation of deferred tax assets
- Note 2(p)(i) and Note 18 - sales of development properties

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether it measures the 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(iii) Changes in non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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 a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not 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 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.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency

Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, 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 the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 2(l)(i)).

Financial liabilities

Amortised cost

All financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) 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 guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

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

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

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of 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 expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs 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 the cost of materials and direct labour.

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 (major components) of property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The depreciation rates for the current and comparative periods based on their estimated useful lives are as follows:

• Long term leasehold land	96 years
• Buildings	5 - 50 years
• Furniture, fittings, office equipment and renovation	10 years
• Motor vehicles	5 years

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

(e) Leased assets

(i) Finance lease

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leased assets (cont'd)

(ii) Operating lease

Leases where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised in the statement of financial position.

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

(f) Intangible asset

(i) Goodwill

Goodwill arises on business combination is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Concession assets

Concession assets, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill and intangible asset with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Concession assets are amortised from the date they are available for use. Amortisation is based on the cost of the concession assets less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the concession assets.

The estimated useful lives of concession assets for the current and comparative periods are 20 to 30 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land which in substance is a finance lease held for a currently undetermined future use. Investment properties measured at cost less any accumulated depreciation and any accumulated impairment losses are accounted for similarly to property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Inventories

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

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the land, development and conversion costs and other costs incurred in bringing them to their existing location and condition.

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.

(i) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments (see Note 2(l)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(j) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Cost to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

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 historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events 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.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost 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 the financial assets have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. 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 procedures for recovery amounts due.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment (cont'd)

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, lease receivables, deferred tax assets 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, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue and other income (cont'd)

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(q) Borrowing costs

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 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(r) Income tax

Income tax expense comprises current and deferred tax. Current tax 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.

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

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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, which comprise convertible notes and share options granted to employees.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments' results are reviewed regularly by the Chief Operating Decision Maker, which in this case is the Board of Directors of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(u) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Fair value measurement

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

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

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

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

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. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Furniture, fittings, office equipment and renovation RM	Motor vehicles RM	Total RM
Cost						
At 1 April 2017	514,310	1,572,744	2,959,737	8,042,880	180,141	13,269,812
Additions	-	-	8,008,131	806,167	-	8,814,298
Write off	-	-	-	(115,947)	-	(115,947)
At 31 March 2018/1 April 2018	514,310	1,572,744	10,967,868	8,733,100	180,141	21,968,163
Additions	-	-	130,284	469,116	-	599,400
Disposals	-	-	-	(5,750)	(90,340)	(96,090)
Write off	-	-	-	(14,929)	-	(14,929)
At 31 March 2019	514,310	1,572,744	11,098,152	9,181,537	89,801	22,456,544
Depreciation						
At 1 April 2017	-	156,622	559,751	3,490,275	79,838	4,286,486
Depreciation for the year	-	16,497	342,100	799,405	8,800	1,166,802
Write off	-	-	-	(96,059)	-	(96,059)
At 31 March 2018/1 April 2018	-	173,119	901,851	4,193,621	88,638	5,357,229
Depreciation for the year	-	16,497	1,279,557	768,863	338	2,065,255
Disposals	-	-	-	(3,890)	(57,592)	(61,482)
Write off	-	-	-	(4,347)	-	(4,347)
At 31 March 2019	-	189,616	2,181,408	4,954,247	31,384	7,356,655
Carrying amounts						
At 1 April 2017	514,310	1,416,122	2,399,986	4,552,605	100,303	8,983,326
At 31 March 2018/1 April 2018	514,310	1,399,625	10,066,017	4,539,479	91,503	16,610,934
At 31 March 2019	514,310	1,383,128	8,916,744	4,227,290	58,417	15,099,889

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Long term leasehold land RM	Buildings RM	Furniture, fittings, office equipment and renovation RM	Motor vehicles RM	Total RM
Cost					
At 1 April 2017	1,254,000	2,490,204	5,491,045	100,732	9,335,981
Additions	-	-	377,005	-	377,005
At 31 March 2018 /1 April 2018	1,254,000	2,490,204	5,868,050	100,732	9,712,986
Additions	-	-	184,066	-	184,066
Disposal	-	-	-	(4,882)	(4,882)
At 31 March 2019	1,254,000	2,490,204	6,052,116	95,850	9,892,170
Depreciation					
At 1 April 2017	130,292	462,860	2,689,026	35,430	3,317,608
Depreciation for the year	13,062	49,804	542,102	8,800	613,768
At 31 March 2018 /1 April 2018	143,354	512,664	3,231,128	44,230	3,931,376
Depreciation for the year	13,063	49,804	446,140	338	509,345
Disposal	-	-	-	(3,720)	(3,720)
At 31 March 2019	156,417	562,468	3,677,268	40,848	4,437,001
Carrying amounts					
At 1 April 2017	1,123,708	2,027,344	2,802,019	65,302	6,018,373
At 31 March 2018 /1 April 2018	1,110,646	1,977,540	2,636,922	56,502	5,781,610
At 31 March 2019	1,097,583	1,927,736	2,374,848	55,002	5,455,169

Securities

Freehold land, long term leasehold land and buildings of the Group and the Company amounting to RM3,957,192 (31.3.2018: RM4,037,662) and RM3,025,319 (31.3.2018: RM3,088,186) respectively are charged as securities for bank borrowings granted (see Note 17).

4. INVESTMENT PROPERTIES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cost				
At beginning/end of year	2,262,959	2,262,959	2,538,367	2,538,367
Depreciation				
At beginning of year	523,950	481,193	583,771	537,714
Depreciation for the year	42,758	42,757	46,058	46,057
At end of year	566,708	523,950	629,829	583,771
Carrying amounts				
At end of year	1,696,251	1,739,009	1,908,538	1,954,596
Included in the above are:				
Freehold land	51,189	51,189	235,495	235,495
Buildings	1,645,062	1,687,820	1,673,043	1,719,101
	1,696,251	1,739,009	1,908,538	1,954,596
Fair value				
At end of year	5,680,974	5,680,974	6,740,000	6,740,000

Investment properties comprise a number of commercial properties that are leased to third parties and car park lots. Each of the leases contains an initial non-cancellable period of 3 years. Subsequent renewals will be negotiated with the lessee and on average the renewal periods are 3 years. No contingent rents are charged.

Assets held in trust

Investment properties of the Company amounting to RM314,695 (31.3.2018: RM317,995) are held in trust by a group entity.

Securities

Investment properties of the Group and the Company amounting to RM1,593,843 (31.3.2018: RM1,636,601) have been charged as securities for bank borrowings granted (see Note 17).

Transactions recognised in profit or loss

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

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Rental income	21,600	20,800	52,800	52,000
Other income	60,017	62,581	60,017	62,581
	81,617	83,381	112,817	114,581
Direct operating expenses:				
- income generating investment properties	1,241	1,241	3,972	3,972

4. INVESTMENT PROPERTIES (CONT'D)

Fair value information

Fair value of investment properties are categorised as Level 3 fair value. Level 3 fair value of warehouse land and buildings have been generally derived using independent valuation performed by external independent valuer. The basis of this valuation is the sales comparison approach whereby sales price of comparable warehouse land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

5. INTANGIBLE ASSETS

Group	Goodwill RM	Concession assets RM	Total RM
Cost			
At 1 April 2017	16,776,492	15,039,843	31,816,335
Additions	-	364,960	364,960
At 31 March 2018/1 April 2018/31 March 2019	16,776,492	15,404,803	32,181,295
Amortisation			
At 1 April 2017	-	(4,273,994)	(4,273,994)
Amortisation for the year	-	(630,160)	(630,160)
At 31 March 2018/1 April 2018	-	(4,904,154)	(4,904,154)
Amortisation for the year	-	(630,160)	(630,160)
At 31 March 2019	-	(5,534,314)	(5,534,314)
Impairment loss			
At 1 April 2017	(628,228)	(1,403,807)	(2,032,035)
Impairment losses	(966,065)	(537,901)	(1,503,966)
At 31 March 2018/1 April 2018	(1,594,293)	(1,941,708)	(3,536,001)
Impairment losses	(5,585,730)	(583,450)	(6,169,180)
At 31 March 2019	(7,180,023)	(2,525,158)	(9,705,181)
Carrying amounts			
At 1 April 2017	16,148,264	9,362,042	25,510,306
At 31 March 2018/1 April 2018	15,182,199	8,558,941	23,741,140
At 31 March 2019	9,596,469	7,345,331	16,941,800
	Note 5.1	Note 5.2	

5.1 Impairment testing for cash-generating units containing goodwill

Allocation of goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level of cash-generating units within the Group at which the goodwill is monitored for internal management purposes.

5. INTANGIBLE ASSETS (CONT'D)

5.1 Impairment testing for cash-generating units containing goodwill (cont'd)

Allocation of goodwill (cont'd)

The aggregated carrying amounts of goodwill allocated to each cash-generating unit are as follows:

		Group	
	Note	31.3.2019	31.3.2018
		RM	RM
Property development			
Ipoh	5.1.1	-	4,105,067
Penang	5.1.1	2,320,967	2,320,967
Johor	5.1.1	5,288,485	5,288,485
Operation of concession assets	5.1.2	1,987,017	3,467,680
		9,596,469	15,182,199

5.1.1 Property development

The recoverable amounts of the property development cash-generating units in Ipoh, Penang and Johor were estimated based on their value in use, determined by discounting future cash flows to be generated from the development properties in the respective cash-generating units. The same method has been used in the previous financial year in respect of property development cash-generating units in Penang and Johor. The recoverable amount for property development cash generating unit in Ipoh was estimated based on fair value less costs of disposals in prior year.

No impairment loss was recognised in respect of the property development cash-generating units located in Penang and Johor.

Value in use was determined by discounting the future cash flows expected to be generated from the development properties based on the following key assumptions:

- Cash flows were projected based on the gross development profits expected to be derived from the approved development plan over the development period of 5 to 9 years (31.3.2018: 5 to 9 years).
- The gross development profit margins were expected to be ranging from 16% to 32% (31.3.2018: 16% to 38%).
- A pre-tax discount rate of 10% (31.3.2018: 8%) was applied in determining the recoverable amount of the units.

During the year, the Group has fully impaired the goodwill allocated to the property development cash generating unit in Ipoh of RM4,105,067 given that the Group does not expect the cash generating unit to be able to generate sufficient future cash flows to support the goodwill allocated.

The values assigned to the key assumptions represent management's assessment of future trends in the property development industry and are determined based on both external sources and internal sources (historical data).

The above estimates are not sensitive to the impairment testing for the property development cash-generating units.

5. INTANGIBLE ASSETS (CONT'D)

5.1 Impairment testing for cash-generating units containing goodwill (cont'd)

5.1.2 Operation of concession assets

The recoverable amount of the operation of concession assets cash-generating unit was estimated based on their value in use, determined by discounting future cash flows to be generated from the operation of concession assets.

Value in use was determined by discounting the future cash flows expected to be generated from the operation of concession assets cash-generating unit over the remaining concession period of 9 to 22 years (31.3.2018: 10 to 23 years) based on the following key assumptions:

- Cash flows were projected based on past rental received and actual operating results.
- Rental is expected to be derived from 20% to 95% tenant take-up rate (31.3.2018: 95% tenant take-up rate attained latest by April 2020). Rental is also anticipated to grow by up to 10% every 5 years (31.3.2018: 5% every 2 years).
- A pre-tax discount rate of 10% (31.3.2018: 8%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the industry weight average cost of capital, adjusted for the risk premium associated to the assets.

The same method has been used in the previous financial year. The carrying amount of the cash-generating unit, comprising goodwill and net assets, amounting to RM10,813,011 was determined to be higher than its recoverable amount of RM9,332,348 and an impairment loss of RM1,480,663 (31.3.2018: RM966,065) was recognised during the year. The impairment loss was allocated fully to goodwill, and was included in administrative expenses.

The values assigned to the key assumptions represent management's assessment of future trends in the operation of concession assets and are determined based on both external sources and internal sources (historical data).

The above estimates are particularly sensitive in the following cases:

- An increase of 1% (31.3.2018: 1%) in the discount rate used would have increased the impairment loss by RM1,926,707 (31.3.2018: RM504,795).
- A 5% (31.3.2018: 5%) decrease in future annual rental income due to decrease in tenant take-up rate or annual rental growth would have increased the impairment loss by RM2,008,563 (31.3.2018: RM645,131).

5.2 Concession assets

Concession assets relate to rights to use land owned by the local authorities granted to the Group in agreements to build, operate and transfer ("BOT") commercial properties on the said land between the Group and the local authorities. Under these agreements, the Group has the right to collect rental income from the operation of these commercial properties over the concession period of 20 to 30 years. Upon expiry of the agreement, the commercial properties will be transferred to the local authorities, unless extensions are granted.

In the event that the local authorities intend to re-develop, privatise or sell the commercial properties upon expiry of the concession period, the Group has the first right of refusal to participate.

5.2.1 Impairment loss on certain concession assets

Certain concession assets of the Group with carrying amount of RM378,869 (31.3.2018: RM1,197,417) were rented out at reduced rental rates in prior year and were impaired.

5. INTANGIBLE ASSETS (CONT'D)

5.2 Concession assets (cont'd)

5.2.1 Impairment loss on certain concession assets (cont'd)

Management had estimated the recoverable amount of these concession assets in prior year and recorded an impairment loss. The recoverable amount of these concession assets was estimated based on value in use method then. Following changes to some of the tenancies of the concession assets in 2019, the Group reassessed its estimates and recognised additional impairment loss. The recoverable amount of these concession assets and the impairment loss allocated are as follow:

	Group	
	31.3.2019	31.3.2018
	RM	RM
Recoverable amount of concession assets	390,603	1,218,922
Impairment loss recognised in administrative expenses on concession assets	583,450	537,901

Value in use was determined using the same basis and key assumptions as disclosed in Note 5.1.2 over the remaining concession period of the concession assets of 12 years (31.3.2018: 13 years).

The values assigned to the key assumptions represent management's assessment of future trends in the operation of concession assets and are determined based on both external sources and internal sources (historical data).

Following the impairment in these concession assets, the carrying amount is marginally below its recoverable amount. Therefore, any adverse change in a key assumption may result in a further impairment loss.

The above estimates are particularly sensitive in the following cases:

- An increase of 1% (31.3.2018: 1%) in the discount rate used would have increased the impairment loss by RM7,032 (31.3.2018: RM48,350).
- A 5% (31.3.2018: 5%) decrease in future annual rental income due to decrease in tenant take-up rate or annual rental growth would have increased the impairment loss by RM106,668 (31.3.2018: RM150,669).

6. INVESTMENTS IN SUBSIDIARIES

	2019	2018
Company	RM	RM
Cost		
Unquoted shares	175,931,845	125,946,040
Impairment loss		
At beginning of year	854,894	854,894
Impairment loss	7,123,110	-
At end of year	7,978,004	854,894
Carrying amount		
At beginning of year	125,091,146	125,091,146
At end of year	167,953,841	125,091,146

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Impairment loss

During the year, the Company recognised full impairment loss in respect of an investment in a subsidiary as the subsidiary is continuously loss making and is having a deficit in shareholders' fund and the Group has determined the recoverable amount to be nil.

Details of subsidiaries

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			31.3.2019 %	31.3.2018 %
Yoon Lian Realty Sendirian Berhad	Malaysia	Property development and acting as construction contractors	100	100
Daya Niaga Sdn. Bhd.	Malaysia	Trading of building materials	100	100
Grandeur Park Sdn. Bhd.	Malaysia	Property development	100	100
Prisma Pelangi Sdn. Bhd.	Malaysia	Property development	100	100
Agro-Mod Industries Sdn. Bhd.	Malaysia	Property development and provision of management services	100	100
Tinggian Development Sendirian Berhad	Malaysia	Provision of management services and property development	100	100
Pembinaan Hua Yang Sdn. Bhd.	Malaysia	Building contractor	100	100
Johanjana Corporation Sdn. Bhd.	Malaysia	Operation of commercial properties under the "build, operate and transfer" agreements with local authorities	100	100
Bison Holdings Sdn. Bhd.	Malaysia	Property development	100	100
Prop Park Sdn. Bhd.	Malaysia	Property development	100	100
Sunny Mode Sdn. Bhd.	Malaysia	Property development	100	100
G Land Development Sdn. Bhd.	Malaysia	Property development	100	100
Grand View Realty Sdn. Bhd.	Malaysia	Property development	100	100
Huayang Ventures Sdn. Bhd.	Malaysia	Operating of restaurant	100 ^	-
Kajang Heights Development Sdn. Bhd.	Malaysia	Property development	70 #	-

^ *Incorporated in August 2018 (see Note 34.2).*
\# *Acquired 100% equity interest in May 2018 (see Note 31). Disposed 30% equity interest in October 2018 (see Note 34.3).*

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of subsidiaries (cont'd)

The Group's subsidiary that has material non-controlling interests ("NCI") is as follows:

Group	Kajang Heights Development Sdn. Bhd. 31.3.2019 RM
NCI percentage of ownership interest and voting interest	30%
Carrying amount of NCI	22,577,713
Loss allocated to NCI	(239,729)
Summarised financial information before intra-group elimination	
As at 31 March	
Non-current assets	818,296
Current assets	142,844,609
Non-current liabilities	(67,878,442)
Current liabilities	(525,418)
Net assets	75,259,045
Year end 31 March	
Loss from continuing operations	(639,507)
Cash flows from operating activities	(494,907)
Cash flows from investing activities	-
Cash flows from financing activities	523,044
Net increase in cash and cash equivalents	28,137

7. INVESTMENT IN AN ASSOCIATE

	Group	
	31.3.2019 RM	31.3.2018 RM
At cost:		
Quoted shares in Malaysia	190,708,202	190,708,202
Share of post-acquisition reserves	(22,269,000)	(1,268,000)
Impairment loss	(7,930,896)	-
	160,508,306	189,440,202
Market value:		
Quoted shares in Malaysia	91,572,047	110,092,236

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			31.3.2019 %	31.3.2018 %
Magna Prima Berhad ("MPB")	Malaysia	Investment holding and provision of management services	30.95	30.95

7. INVESTMENT IN AN ASSOCIATE (CONT'D)

The statutory financial year end of MPB was 31 December which is not coterminous with the financial year end of the Group. For the purpose of applying the equity method of accounting for MPB, with financial year end of 31 December, the last audited financial statements available, made up to a period of no more than 3 months difference from the Group's financial year end have been used. Management has assessed that this would be the most practical method of applying the equity method of accounting for MPB.

Impairment loss

During the year, the Group has recognised impairment loss in respect of the investment in the associate as the associate has reported significant losses and its recoverable amount, estimated using fair value less cost to sell, is lower than its carrying amount. The impairment loss was included in administrative expenses.

The fair value of the investment in the associate is determined based on level 3 fair value using the net assets value of the associate, which is the most significant input.

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	Magna Prima Berhad	
Group	31.3.2019 RM	31.3.2018 RM
Summarised financial information As at 31 December/31 March		
Non-current assets	592,008,643	616,002,502
Current assets	302,562,143	351,059,187
Non-current liabilities	(161,089,931)	(142,155,079)
Current liabilities	(205,713,662)	(227,825,920)
Net assets	527,767,193	597,080,690
Year end 31 December		
(Loss)/Profit from continuing operations	(55,250,896)	7,590,789
Other comprehensive income	(14,062,601)	(4,707,776)
Total comprehensive income	(69,313,497)	2,883,013
Included in the total comprehensive income is:		
Revenue	33,123,218	98,902,560
Reconciliation of net assets as at 31 December to carrying amount as at 31 March		
Group's share of net assets	162,530,202	183,531,202
Goodwill	5,909,000	5,909,000
Impairment loss	(7,930,896)	-
Carrying amount in the statement of financial position	160,508,306	189,440,202
Group's share of results for the year ended 31 March		
Group's share of profit or loss from continuing operations	(16,649,000)	1,313,000
Group's share of other comprehensive expense	(4,352,000)	(2,581,000)
Group's share of total comprehensive expense	(21,001,000)	(1,268,000)

8. INVENTORIES

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	RM	RM	RM	RM	RM	RM
Non-current						
Land held for future development	478,626,857	455,574,695	442,600,038	6,702,085	6,702,085	6,654,385
Current						
Developed properties	58,023,141	105,507,683	39,629,017	251,338	251,338	251,338
Development properties	280,418,066	221,719,828	258,886,460	32,073	312,701	636,741
	338,441,207	327,227,511	298,515,477	283,411	564,039	888,079
	817,068,064	782,802,206	741,115,515	6,985,496	7,266,124	7,542,464
Inventories pledged as securities for bank borrowings (Note 17)						
- Land held for future development	362,233,228	317,242,776	401,526,230	2,761,348	2,527,396	2,527,396
- Developed properties	13,687,266	33,774,324	18,403,617	-	-	-
- Development properties	146,438,626	136,355,494	177,157,738	-	-	-
	522,359,120	487,372,594	597,087,585	2,761,348	2,527,396	2,527,396
Recognised in profit or loss:						
- inventories recognised as costs of sales	81,958,529	16,915,817	20,739,496	-	-	-

Management is of the view that the expected net realisable value for the inventories are above their carrying amounts, hence these inventories have not been written down. The expected net realisable value is determined after considering recent transacted prices for the developed properties, volume and pricing of other development within the vicinity and also the current and future market conditions in the property development industry.

9. TRADE AND OTHER RECEIVABLES

		Group			Company		
	Note	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
		RM	RM	RM	RM	RM	RM
Non-current							
Trade							
Trade receivables	a	780,000	746,244	616,159	-	-	-
Non-trade							
Other receivables		3,218,498	2,863,345	1,991,858	-	-	-
Refundable deposits		4,390,258	5,143,661	3,982,139	75,353	63,720	62,720
		7,608,756	8,007,006	5,973,997	75,353	63,720	62,720
Allowance for impairment loss		-	-	(17,288)	-	-	-
		7,608,756	8,007,006	5,956,709	75,353	63,720	62,720
		8,388,756	8,753,250	6,572,868	75,353	63,720	62,720
Current							
Trade							
Trade receivables		28,782,589	42,397,316	42,380,243	-	-	53,064
Allowance for impairment loss		(475,342)	(458,318)	(31,041)	-	-	(16,636)
		28,307,247	41,938,998	42,349,202	-	-	36,428
Non-trade							
Amounts due from subsidiaries	b	-	-	-	403,860,857	385,128,469	351,034,187
Goods and Services Tax receivables	c	2,003,770	1,700,357	945,679	243,038	290,396	283,512
Other receivables	d	8,176,659	6,098,394	6,335,852	385,167	330,931	317,527
Refundable deposits	e	4,657,574	24,770,708	3,355,033	3,474,278	23,081,330	67,370
		14,838,003	32,569,459	10,636,564	407,963,340	408,831,126	351,702,596
		43,145,250	74,508,457	52,985,766	407,963,340	408,831,126	351,739,024
		51,534,006	83,261,707	59,558,634	408,038,693	408,894,846	351,801,744

9. TRADE AND OTHER RECEIVABLES (CONT'D)

Note a

Non-current trade receivables are retention sum receivables. The retention sum receivables are unsecured, interest-free and are expected to be collected within 2 years (31.3.2018: 2 years; 1.4.2017: 2 years).

Note b

The amounts due from subsidiaries are unsecured, subject to interest rate at 3.2% (31.3.2018: 3.05%; 1.4.2017: 3.04%) per annum and repayable on demand.

Note c

Goods and Services Tax ("GST") receivables refer to the returns due from the Royal Malaysian Custom Department in relation to input tax paid by the Group.

Note d

At 1 April 2017, included in other receivables of the Group is cost recoverable from subcontractors amounting to RM3,207,641.

Note e

At 31 March 2018, included in current refundable deposits of the Group and the Company are deposits for acquisition of a subsidiary amounting to RM21,000,000. The acquisition was completed during the year (see Note 31).

At 1 April 2017, included in current refundable deposits of the Group was deposit for acquisition of land amounting to RM584,000. The acquisition was completed in 2018.

10. CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	31.3.2019	31.3.2018	31.3.2019	31.3.2018
		RM	RM	RM	RM
Non-current					
Deposits placed with licensed banks		3,275,841	3,187,883	569,456	552,333
Current					
Cash in hand and at bank		9,975,515	9,636,552	2,559,372	309,612
Housing Development Accounts		6,611,740	6,643,608	-	-
Cash and bank balances		16,587,255	16,280,160	2,559,372	309,612
		19,863,096	19,468,043	3,128,828	861,945
Cash and bank balances pledged to licensed banks as securities for bank borrowings granted	17	3,275,841	3,187,883	569,456	552,333

The Housing Development Accounts ("HDA") are held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use for other operations.

11. DEFERRED TAX ASSETS/(LIABILITIES)

The recognised deferred tax assets and (liabilities) before off-setting are as follows:

	Assets			Liabilities			Net		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
Group	RM	RM	RM	RM	RM	RM	RM	RM	RM
Inventories	6,071,477	-	-	(37,294,087)	(20,225,147)	(20,129,186)	(31,222,610)	(20,225,147)	(20,129,186)
Property, plant and equipment	-	-	-	(945,370)	(384,278)	(327,666)	(945,370)	(384,278)	(327,666)
Unutilised tax losses	8,639,795	6,817,709	4,572,593	-	-	-	8,639,795	6,817,709	4,572,593
Unabsorbed capital allowance	1,962,304	1,666,411	1,403,655	-	-	-	1,962,304	1,666,411	1,403,655
Others	-	9,041,438	8,781,259	(1,071,470)	(1,801,001)	(998,602)	(1,071,470)	7,240,437	7,782,657
Tax assets/(liabilities)	16,673,576	17,525,558	14,757,507	(39,310,927)	(22,410,426)	(21,455,454)	(22,637,351)	(4,884,868)	(6,697,947)
Set-off of tax	(1,717,780)	(2,403,811)	(1,810,113)	1,717,780	2,403,811	1,810,113	-	-	-
Net deferred tax assets/(liabilities)	14,955,796	15,121,747	12,947,394	(37,593,147)	(20,006,615)	(19,645,341)	(22,637,351)	(4,884,868)	(6,697,947)
Company									
Property, plant and equipment	-	-	-	(231,609)	(258,366)	(226,267)	(231,609)	(258,366)	(226,267)
Unutilised tax losses	1,946,148	1,946,148	1,946,148	-	-	-	1,946,148	1,946,148	1,946,148
Unabsorbed capital allowance	544,089	543,153	444,700	-	-	-	544,089	543,153	444,700
Tax assets/(liabilities)	2,490,237	2,489,301	2,390,848	(231,609)	(258,366)	(226,267)	2,258,628	2,230,935	2,164,581
Set-off of tax	(231,609)	(258,366)	(226,267)	231,609	258,366	226,267	-	-	-
Net deferred tax assets	2,258,628	2,230,935	2,164,581	-	-	-	2,258,628	2,230,935	2,164,581

Unutilised tax losses of RM25,621,303 (31.3.2018: RM20,730,624; 1.4.2017: RM10,833,308), arising from group entities that were loss making, were recognised as deferred tax assets as management considered it probable that future taxable profits will be available against which they can be utilised when these group entities commence property development activity.

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Movement in temporary differences during the year

	At 1.4.2017	Recognised in profit or loss (Note 23)	At 31.3.2018/ 1.4.2018	Acquisition from business combination (Note 31)	Recognised in profit or loss (Note 23)	At 31.3.2019
Group	RM	RM	RM	RM	RM	RM
Inventories	(20,129,186)	(95,961)	(20,225,147)	(19,364,046)	8,366,583	(31,222,610)
Property, plant and equipment	(327,666)	(56,612)	(384,278)	-	(561,092)	(945,370)
Unutilised tax losses	4,572,593	2,245,116	6,817,709	-	1,822,086	8,639,795
Unabsorbed capital allowance	1,403,655	262,756	1,666,411	-	295,893	1,962,304
Others	7,782,657	(542,220)	7,240,437	-	(8,311,907)	(1,071,470)
Net deferred tax assets/(liabilities)	(6,697,947)	1,813,079	(4,884,868)	(19,364,046)	1,611,563	(22,637,351)
Company						
Property, plant and equipment	(226,267)	(32,099)	(258,366)	-	26,757	(231,609)
Unutilised tax losses	1,946,148	-	1,946,148	-	-	1,946,148
Unabsorbed capital allowance	444,700	98,453	543,153	-	936	544,089
Net deferred tax assets	2,164,581	66,354	2,230,935	-	27,693	2,258,628

12. CONTRACT WITH CUSTOMERS

12.1 Contract assets/(liabilities)

	Group		
	31.3.2019	31.3.2018	1.4.2017
	RM	RM	RM
Contract assets	70,117,601	50,117,820	76,898,761
Contract liabilities	(26,148,539)	(1,355,482)	(4,832,666)

The contract assets primarily relate to the Group's rights to consideration for work completed on contracts with property buyers but not yet billed at the reporting date. The amount will be billed on achievement of billing milestone as per the contract.

The contract liabilities primarily relate to the consideration received in advance from customers for contracts with property buyers, which revenue is recognised over time during the development of the properties. The contract liabilities are expected to be recognised as revenue in the next financial year.

Significant changes to contract assets and contract liabilities balances during the period are as follows:

	Group	
	2019	2018
	RM	RM
Contract liabilities at the beginning of the period recognised as revenue	1,355,482	4,832,666

12.2 Contract costs

	Group		
	31.3.2019	31.3.2018	1.4.2017
	RM	RM	RM
Cost to obtain a contract	3,921,335	2,360,289	1,963,584
Cost to fulfil a contract	20,325,266	16,425,004	9,272,839
	24,246,601	18,785,293	11,236,423

Cost to obtain a contract

Cost to obtain a contract primarily comprises incremental commission fees paid to intermediaries as a result of obtaining contracts and they are recoverable.

Capitalised commission fees are amortised when the related revenues are recognised. During the financial year, the amount of amortisation was RM6,147,545 (2018: RM3,334,069).

Cost to fulfil a contract

Cost to fulfil a contract primarily comprises carrying amount of inventories in relation to contracts with customers. During the financial year, the amount of amortisation was RM123,368,077 (2018: RM147,297,405).

13. OTHER CURRENT ASSETS

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	RM	RM	RM	RM	RM	RM
Prepaid operating expenses	547,637	311,494	890,937	222,406	215,720	425,891

14. SHARE CAPITAL

	Group and Company			
	Number of shares	Amount	Number of shares	Amount
Issued and fully paid shares classified as equity instruments	31.3.2019	31.3.2019	31.3.2018	31.3.2018
		RM		RM
Ordinary shares:				
At beginning and end of year	352,000,000	352,000,000	352,000,000	352,000,000

Ordinary shares

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.

15. RESERVES

Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 March 2019 and 31 March 2018 under the single tier system, provided that the Company remains solvent immediately after the distribution is made.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations of the Group's associate.

16. TRADE AND OTHER PAYABLES

		Group			Company		
	Note	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
		RM	RM	RM	RM	RM	RM
Non-current							
Trade							
Trade payables	a	6,492,341	18,691,232	13,531,690	-	-	-
Non-trade							
Refundable deposits		48,690	296,328	90,951	-	-	-
		6,541,031	18,987,560	13,622,641	-	-	-
Current							
Trade							
Trade payables		116,860,021	114,962,847	112,929,928	-	-	-
Non-trade							
Amounts due to subsidiaries	b	-	-	-	138,375,156	42,070,923	33,451,034
Accrued operating expenses		13,439,800	12,487,398	8,319,598	1,468,853	1,599,491	2,511,654
Dividend payable			-	7,040,000	-	-	7,040,000
Other payables		5,402,772	4,657,078	6,820,468	253,300	229,269	352,595
Goods and Services Tax payables	c	575,327	606,586	720,183	-	-	-
Refundable deposits		1,336,683	1,331,413	838,366	5,400	5,400	4,448
		20,754,582	19,082,475	23,738,615	140,102,709	43,905,083	43,359,731
		137,614,603	134,045,322	136,668,543	140,102,709	43,905,083	43,359,731
		144,155,634	153,032,882	150,291,184	140,102,709	43,905,083	43,359,731

Note a

Non-current trade payables are retention sums which are payable upon the expiry of the defects liability period.

Note b

The amounts due to subsidiaries are unsecured, subject to interest rate at 3.2% (31.3.2018: 3.05%; 1.4.2017: 3.04%) per annum and repayable on demand.

Note c

Goods and Services Tax ("GST") payables refer to the returns due to the Royal Malaysian Custom Department in relation to output tax received by the Group.

17. LOANS AND BORROWINGS

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	RM	RM	RM	RM	RM	RM
Non-current						
Secured:						
Bridging loan	38,114,001	26,197,462	6,667,425	-	-	-
Sukuk Murabahah	26,178,000	46,628,000	39,700,000	26,178,000	46,628,000	39,700,000
Term loans	188,246,972	150,279,557	145,086,649	11,675,000	29,187,000	40,980,000
Revolving loans	20,250,000	7,000,000	-	20,250,000	7,000,000	-
Islamic cash line facility	37,776,205	-	-	37,776,205	-	-
Finance lease liabilities	57,456	-	-	57,456	-	-
	310,622,634	230,105,019	191,454,074	95,936,661	82,815,000	80,680,000
Current						
Secured:						
Bridging loan	-	9,024,484	-	-	-	-
Sukuk Murabahah	2,636,000	-	-	2,636,000	-	-
Term loans	38,043,818	103,888,909	28,931,340	6,539,667	15,000,000	5,040,000
Revolving loans	35,750,000	83,000,000	58,000,000	35,750,000	43,000,000	18,000,000
Bank overdrafts	15,980,243	15,802,074	-	10,961,433	11,991,600	-
Finance lease liabilities	49,703	-	-	49,703	-	-
	92,459,764	211,715,467	86,931,340	55,936,803	69,991,600	23,040,000
	403,082,398	441,820,486	278,385,414	151,873,464	152,806,600	103,720,000

Securities

The Group's and Company's secured bridging loan, Sukuk Murabahah, term loans, revolving loans, Islamic cash line facility and bank overdrafts are secured by the following:

i) legal charge over property, plant and equipment (Note 3), investment properties (Note 4), inventories (Note 8) and deposits placed with licensed banks (Note 10); and

ii) corporate guarantee by the Company.

Finance lease liabilities

Finance lease liabilities are payable as follows:

	31.3.2019		
	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
Group and Company			
Less than one year	56,078	6,375	49,703
Between one and five years	65,424	7,968	57,456
	121,502	14,343	107,159

17. LOANS AND BORROWINGS (CONT'D)

Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1.4.2017 RM	Drawdown of loans and borrowings RM	Repayment of loans and borrowings RM	At 31.3.2018/ 1.4.2018 RM	Acquisition of new lease RM	Drawdown of loans and borrowings RM	Repayment of loans and borrowings RM	At 31.3.2019 RM
Group								
Bridging loan	6,667,425	40,197,462	(11,642,941)	35,221,946	-	48,028,463	(45,136,408)	38,114,001
Sukuk Murabahah	39,700,000	13,000,000	(6,072,000)	46,628,000	-	-	(17,814,000)	28,814,000
Term loans	174,017,989	135,000,000	(54,849,523)	254,168,466	-	178,790,000	(206,667,676)	226,290,790
Revolving loans	58,000,000	59,000,000	(27,000,000)	90,000,000	-	6,000,000	(40,000,000)	56,000,000
Islamic cash line facility	-	-	-	-	-	40,000,000	(2,223,795)	37,776,205
Finance lease liabilities	-	-	-	-	149,110	-	(41,951)	107,159
Total liabilities from financing activities	278,385,414	247,197,462	(99,564,464)	426,018,412	149,110	272,818,463	(311,883,830)	387,102,155
Company								
Sukuk Murabahah	39,700,000	13,000,000	(6,072,000)	46,628,000	-	-	(17,814,000)	28,814,000
Term loans	46,020,000	15,000,000	(16,833,000)	44,187,000	-	47,000,000	(72,972,333)	18,214,667
Revolving loans	18,000,000	44,000,000	(12,000,000)	50,000,000	-	6,000,000	-	56,000,000
Islamic cash line facility	-	-	-	-	-	40,000,000	(2,223,795)	37,776,205
Finance lease liabilities	-	-	-	-	149,110	-	(41,951)	107,159
Total liabilities from financing activities	103,720,000	72,000,000	(34,905,000)	140,815,000	149,110	93,000,000	(93,052,079)	140,912,031

18. REVENUE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from contracts with customers	271,550,160	225,580,087	4,738,270	4,488,510
Other revenue				
- Dividend income	-	-	6,150,000	11,000,000
- Rental income	970,250	1,776,635	-	-
	970,250	1,776,635	6,150,000	11,000,000
	272,520,410	227,356,722	10,888,270	15,488,510

18.1 Disaggregation of revenue from contracts with customers

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Major products and services				
Sales of development properties	149,223,500	197,710,584	1,093,720	1,262,910
Sales of developed properties	116,758,883	27,869,503	-	-
Sales of land	5,314,444	-	-	-
Trading of building materials	115,104	-	-	-
Operating of restaurant	138,229	-	-	-
Management fee	-	-	3,644,550	3,225,600
	271,550,160	225,580,087	4,738,270	4,488,510
Timing and recognition				
At a point in time	122,326,660	27,869,503	-	-
Over time	149,223,500	197,710,584	4,738,270	4,488,510
	271,550,160	225,580,087	4,738,270	4,488,510

18. REVENUE (CONT'D)

18.2 Nature of goods and services

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Sales of development properties	Revenue is recognised over time using the cost incurred method. Development properties sold to customers typically do not have alternative use and the Company have rights to payment for work performed.	Based on milestone progress billings submitted to customers which are approved by accredited architect, which is subjected to a credit period of 30 days.	Not applicable	Not applicable	The Company is required to fulfil warranty obligation over defect liability period of 2 years from the handover of properties to the customers.
Sales of developed properties	Revenue is recognised when right to pledge the developed properties is given to the customer.	Based on progress billings, which is subjected to 30 days credit period, with 10% payable upon signing of contract and remaining 90% billable 3 months from date of signing of contract.	Not applicable	Not applicable	Not applicable
Sales of land	Revenue is recognised when vacant possession of the land is handed over to the customers.	Based on progress billings, which is subjected to 30 days credit period, with 10% payable upon signing of contract and remaining 90% billable 3 months from date of signing of contract.	Not applicable	Not applicable	Not applicable
Trading of building materials	Revenue is recognised when the goods are delivered and accepted by customers at their premises.	Credit period of 30 days from invoice date.	Not applicable	Not applicable	Not applicable
Operating of restaurant	Revenue is recognised when food and beverages are served.	No credit term is given.	Not applicable	Not applicable	Not applicable
Management fee	Revenue is recognised over time as and when management services are performed.	Credit period of 30 days from invoice date.	Not applicable	Not applicable	Not applicable

18. REVENUE (CONT'D)

18.3 Transaction price allocated to the remaining performance obligations

Transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date of RM143,102,625 are expected to be recognised as revenue progressively over the financial years 2020 to 2021.

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

18.4 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

- For revenue recognised over time using the cost incurred method, the Group measured the performance of work done by comparing the actual costs incurred with the estimated total costs required to complete the work. Significant judgements are required to estimate the total contract costs to complete. In making these estimates, management relied on professionals' estimates and also on past experience of completed developed properties. A change in the estimates will directly affect the revenue to be recognised.
- For revenue recognised in respect of contracts with customers who are not supported by end-financiers, the Group has assessed and determined that collectability of the consideration from these customers is probable. In making this judgement, the Group has considered the trend of collections from these customers and the general background of these customers.

19. OTHER INCOME

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest income of financial assets calculated using the effective interest method that are at amortised cost:				
- interest income	454,703	475,304	12,830,390	9,650,096
- accrete interest from financial assets	255,262	337,433	405	-
	709,965	812,737	12,830,795	9,650,096
Bargain purchase gain (Note 31)	6,427,925	-	-	-
Deposits forfeited	283,479	36,477	-	-
Gain on disposal of property, plant and equipment	757	-	238	-
Rental income:				
- investment properties	21,600	20,800	52,800	52,000
- others	433,725	471,200	-	-
Reversal of impairment loss on trade receivables	2,841	20,157	-	16,636
Sundry income	219,852	296,127	60,179	89,377
	8,100,144	1,657,498	12,944,012	9,808,109

20. RESULTS FROM OPERATING ACTIVITIES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Results from operating activities are arrived at after charging:				
Auditors' remuneration				
- Statutory audit	341,000	326,000	103,000	103,000
- Non-audit fees - assurance related	147,000	63,000	115,600	15,000
Material expense/(income)				
Amortisation of concession assets	630,160	630,160	-	-
Depreciation:				
- investment properties	42,758	42,757	46,058	46,057
- property, plant and equipment	2,065,255	1,166,802	509,345	613,768
Employee benefits expenses (including key management personnel) (Note 22)	11,201,398	11,171,070	3,725,573	3,621,851
Bargain purchase gain (Note 31)	(6,427,925)	-	-	-
Impairment loss:				
- amount due from subsidiaries	-	-	42,783,009	-
- concession assets	583,450	537,901	-	-
- goodwill	5,585,730	966,065	-	-
- investment in a subsidiary	-	-	7,123,110	-
- investment in associate	7,930,896	-	-	-
- trade receivables	19,865	447,434	-	-
Non-Executive Directors' remuneration	723,473	702,455	673,115	686,600
Property, plant and equipment written off	10,582	19,888	-	-
Rental of:				
- properties	184,350	187,560	-	-
- office equipment	671,165	504,010	291,702	283,884
- premises	474,793	720,694	-	-

21. FINANCE COSTS

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Interest expense on financial liabilities:				
- bank overdrafts	1,250,728	714,215	792,901	578,255
- bank loans	27,637,319	22,152,023	11,033,266	4,515,846
- finance lease liabilities	6,080	-	6,080	-
- intercompany loan	-	-	2,272,676	750,617
- other financial liabilities carried at amortised cost	1,411,571	724,065	-	-
	30,305,698	23,590,303	14,104,923	5,844,718
Capitalised on qualifying assets - Inventories	(10,138,925)	(9,257,748)	-	-
Recognised in profit or loss	20,166,773	14,332,555	14,104,923	5,844,718

22. EMPLOYEE BENEFITS EXPENSE AND KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Salaries and bonus	9,761,414	9,753,296	3,290,800	3,179,451
EIS contributions	11,610	2,879	2,823	697
EPF contributions	1,327,123	1,312,273	407,220	416,733
Social security contributions	101,251	102,622	24,730	24,970
	11,201,398	11,171,070	3,725,573	3,621,851

Included in employees' benefits expenses of the Group and the Company is Executive Director's remuneration, excluding benefits-in-kind, amounting to RM872,324 (2018: RM938,938).

The key management personnel compensations are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Executive Director:				
- Salaries and other emoluments	708,000	683,160	708,000	683,160
- EIS contributions	95	24	95	24
- EPF contributions	104,400	112,600	104,400	112,600
- Bonus	59,000	142,325	59,000	142,325
- SOCSO contributions	829	829	829	829
Total Executive Director's remuneration (excluding benefits-in-kind)	872,324	938,938	872,324	938,938
Estimated money value of benefits-in-kind	-	7,200	-	7,200
Total Executive Director's remuneration (including benefits-in-kind)	872,324	946,138	872,324	946,138
Non-Executive Directors:				
- Fees	690,473	675,455	673,115	659,600
- Other emoluments	33,000	27,000	33,000	27,000
Total Non-Executive Directors' remuneration (excluding benefits-in-kind)	723,473	702,455	706,115	686,600
Estimated money value of benefits-in-kind	-	7,200	-	7,200
Total Non-Executive Directors remuneration (including benefits-in-kind)	723,473	709,655	706,115	693,800
Total key management personnel compensation	1,595,797	1,655,793	1,578,439	1,639,938

22. EMPLOYEE BENEFITS EXPENSE AND KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2019	2018
	RM	RM
Executive director:		
RM850,001 - RM900,000	1	-
RM900,001 - RM950,000	-	1
Non-executive directors:		
RM50,001 - RM100,000	2	2
RM100,001 - RM150,000	3	3
RM150,001 - RM200,000	1	1

23. TAX EXPENSE

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Recognised in profit or loss				
Income tax expense				
Current year	10,182,199	8,605,929	102,407	1,314,470
Prior years	87,267	(329,489)	143,281	(700,172)
Total income tax recognised in profit or loss	10,269,466	8,276,440	245,688	614,298
Deferred tax expense				
Origination and reversal of temporary differences	(1,611,563)	(1,813,079)	(27,693)	(66,354)
Tax expense	8,657,903	6,463,361	217,995	547,944
Share of tax of equity-accounted associate	8,052,287	1,062,000	-	-
	16,710,190	7,525,361	217,995	547,944

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Reconciliation of tax expense				
(Loss)/Profit before tax	(13,811,842)	8,625,452	(51,241,683)	9,906,439
Less: Share of loss/ (profit) of equity-accounted associate, net of tax	16,649,000	(1,313,000)	-	-
Profit/(Loss) excluding share of profit of equity-accounted associate	2,837,158	7,312,452	(51,241,683)	9,906,439
Income tax calculated using Malaysian tax rate of 24%	680,918	1,754,989	(12,298,004)	2,377,545
Non-taxable income	(1,864,481)	(82,162)	(1,476,000)	(2,643,993)
Non-deductible expenses	9,754,199	5,120,023	13,848,718	1,514,564
Under/(Over) provision in prior year				
- income tax	87,267	(329,489)	143,281	(700,172)
Tax expense	8,657,903	6,463,361	217,995	547,944
Share of tax of equity-accounted associate	8,052,287	1,062,000	-	-
	16,710,190	7,525,361	217,995	547,944

24. LOSS/EARNINGS PER ORDINARY SHARE

Basic loss/earnings per ordinary share

The calculation of basic loss/earnings per ordinary share at 31 March 2019 was based on the loss/profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

Group RM	2019	2018
(Loss)/Profit for the financial year attributable to owners of the Company	(22,230,016)	2,162,091
Weighted average number of ordinary shares at 31 March	352,000,000	352,000,000
Sen		
Basic (loss)/earnings per ordinary share	(6.32)	0.61

The Group has no potential ordinary shares in issue as at 31 March 2019 and 31 March 2018. Accordingly, diluted earnings per share is not presented.

25. DIVIDENDS

Dividends recognised by the Group and the Company:

	Sen per share	Total amount RM	Date of payment
2018			
Final 2017 ordinary	2.00	7,040,000	18 October 2017

The Directors do not recommend any dividend to be paid for the financial year ended 31 March 2019.

26. OPERATING SEGMENTS

The Group has 2 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different business strategies. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") (i.e. the Board of Directors) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

(i) Property development segment

The property development segment is in the business of constructing and developing residential and commercial properties. This reportable segment has been formed by aggregating the property development operating segment and the investment properties operating segment, which are regarded by management to exhibit similar economic characteristics.

(ii) Concession assets segment

Concession assets segment is the business of collection of rental over the concession periods from assets held under "build, operate and transfer" agreements.

Other non-reportable segments comprise operations related to trading of building materials and operating of restaurant. None of these segments met the quantitative thresholds for reporting segments in 2019 and 2018.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Group	Property development RM	Concession assets RM	Total RM
2019			
Segment loss	(12,778,886)	(1,873,162)	(14,652,048)
Included in the measure of segment profit/(loss) are:			
Revenue from external customers	271,550,160	970,250	272,520,410
Depreciation and amortisation	(2,108,013)	(630,160)	(2,738,173)
Impairment loss:			
- concession assets	-	(583,450)	(583,450)
- goodwill	(4,105,067)	(1,480,663)	(5,585,730)
- investment in associate	(7,930,896)	-	(7,930,896)
- trade receivables	(19,865)	-	(19,865)
Interest expense	(20,357,308)	(401,858)	(20,759,166)
Interest income	1,093,713	19,379	1,113,092
Reversal of impairment loss on trade receivables	-	2,841	2,841
Share of loss of equity-accounted associate, net of tax	(16,649,000)	-	(16,649,000)
Segment assets	1,203,336,452	11,135,357	1,214,471,809
Included in the measure of segment assets are:			
Additions to non-current assets other than financial instruments and deferred tax assets	26,675,698	-	26,675,698
Investment in an associate	160,508,306	-	160,508,306
Segment liabilities	(616,483,326)	(13,354,863)	(629,838,189)

26. OPERATING SEGMENTS (CONT'D)

Group	Property development RM	Concession assets RM	Total RM
2018			
Segment profit/(loss)	9,088,709	(463,257)	8,625,452
Included in the measure of segment profit/(loss) are:			
Revenue from external customers	225,580,087	1,776,635	227,356,722
Depreciation and amortisation	(1,209,559)	(630,160)	(1,839,719)
Impairment loss:			
- concession assets	-	(537,901)	(537,901)
- goodwill	-	(966,065)	(966,065)
- trade receivables	(151,891)	(295,543)	(447,434)
Interest expense	(14,327,819)	(365,268)	(14,693,087)
Interest income	1,152,509	20,760	1,173,269
Reversal of impairment loss on trade receivables	16,636	3,521	20,157
Share of profit of equity-accounted associate, net of tax	1,313,000	-	1,313,000
Segment assets	1,211,549,952	13,272,247	1,224,822,199
Included in the measure of segment assets are:			
Additions to non-current assets other than financial instruments and deferred tax assets	69,883,861	364,960	70,248,821
Investment in an associate	189,440,202	-	189,440,202
Segment liabilities	(615,592,638)	(12,654,887)	(628,247,525)

Group	Interest expense RM	Interest income RM	Segment assets RM	Segment liabilities RM
2019				
Total reportable segment	(20,759,166)	1,113,092	1,214,471,809	(629,838,189)
Other non-reportable segments	(6,252)	195,518	7,056,138	(936,829)
Elimination of inter-segment transactions	598,645	(598,645)	(25,405,300)	19,795,300
Consolidated total	(20,166,773)	709,965	1,196,122,647	(610,979,718)
2018				
Total reportable segment	(14,693,087)	1,173,269	1,224,822,199	(628,247,525)
Elimination of inter-segment transactions	360,532	(360,532)	(17,642,060)	12,032,060
Consolidated total	(14,332,555)	812,737	1,207,180,139	(616,215,465)

26. OPERATING SEGMENTS (CONT'D)

Geographical segments

The Group's segments are located in Malaysia.

Major customers

There are no major customers with revenue equal or more than 10% of the Group's total revenue.

27. FINANCIAL INSTRUMENTS

As permitted by MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards, the Group and the Company have elected the exemption not to apply MFRS 7, Financial Instruments: Disclosure in respect of the comparative information.

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments which are all categorised as amortised cost.

	Group	Company
	RM	RM
31.3.2019		
Financial assets		
Trade and other receivables	49,530,236	407,795,655
Cash and cash equivalents	19,863,096	3,128,828
	69,393,332	410,924,483
Financial liabilities		
Trade and other payables	143,580,307	140,102,709
Loans and borrowings	403,082,398	151,873,464
	546,662,705	291,976,173

27.2 Net gains and losses arising from financial instruments

	Group	Company
	RM	RM
2019		
Net gains/(losses) on:		
Financial assets measured at amortised cost	692,941	(29,952,214)
Financial liabilities measured at amortised cost	(19,883,294)	(14,104,923)
	(19,190,353)	(44,057,137)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.3 Financial risk management

The Group and the Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

27.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from receivables from purchasers of properties ("purchasers"). The Company is also exposed to credit risk in respect of advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Normally, purchasers are supported by the end-financiers which are reputable banks in Malaysia. For self-financed purchasers, the Group and the Company extend credit based upon evaluation of the purchasers' general background. Trade receivables are monitored on an ongoing basis by the Group's credit control department.

At each reporting date, the Group and the Company assess whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

The Group generally does not receive any collateral and credit enhancement from purchasers. However, the Group mitigate its credit risk by maintaining its name as the registered owner of the properties until full settlement by the purchaser of the self-financed portion of the purchase consideration or upon undertaking of end-financing by the purchasers' end-financier.

Concentration of credit risk

There was no significant concentration of credit risk and the exposure of credit risk for trade receivables and contract assets as at the end of the reporting period arise from domestic property development industry.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 days. The Group's debt recovery process is as follows:

a) Above 30 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the credit control department; and

b) If the customer did not abide by the agreed debt restructuring arrangement, the Group will issue notice of termination to commence termination of contract and recovery of the properties sold in order to reduce the credit risk exposure.

The Group measures expected credit loss ("ECL") of trade receivables individually. Consistent with the debt recovery process, invoices of which customers have defaulted on debt recovery arrangements are generally considered as credit impaired.

Loss rates are determined for each individual purchasers using past payment trends and other external information relating to the purchasers that are publicly available. In determining the loss rates for each individual purchasers, the Group also considers the value of properties sold that could be recovered upon termination of contract which will reduce credit loss arising from the trade receivables.

The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 March 2019 which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM	Loss allowance RM	Net balance RM
31.3.2019			
Not past due	83,041,839	-	83,041,839
Past due 31 - 120 days	14,381,241	-	14,381,241
Past due 121 - 180 days	178,646	-	178,646
Past due 181 - 335 days	1,394,664	-	1,394,664
Past due more than 335 days	208,458	-	208,458
	99,204,848	-	99,204,848
Individually impaired	475,342	(475,342)	-
	99,680,190	(475,342)	99,204,848

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses (cont'd)

The Group did not receive any collateral in respect of the above trade receivables.

There are trade receivables where the Group has not recognised any loss allowance as the Group has maintained its name as the registered owner of the properties sold to customers until the trade receivables are collected.

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are shown below.

Trade receivables - Credit impaired

	Group
	RM
2019	
At beginning of year	458,318
Amounts written off	-
Net remeasurement of loss allowance	17,024
At end of year	475,342

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (cont'd)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables and deposits

Credit risks on other receivables and deposits are mainly arising from deposits and advances paid for property development activities to government entities, contractors and consultants. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These other receivables have low credit risks. Consequently, the Company are of the view that the loss allowance is not material.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary's loan or advance is overdue for more than 30 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (cont'd)

Inter-company balances (cont'd)

Recognition and measurement of impairment loss (cont'd)

The following table provides information about the exposure to credit risk and ECLs for amounts due from subsidiaries as at 31 March 2019.

	Company
	RM
31.3.2019	
Amounts due from subsidiaries	446,643,866
Loss allowance	
- Credit impaired	(42,783,009)
	403,860,857

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM251,208,934 representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

27.5 Liquidity risk

Liquidity risk is the risk that the Group or 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 and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.5 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 5 years RM	More than 5 years RM
31.3.2019						
Group						
Non-derivative financial liabilities						
Trade and other payables						
- non-interest bearing	143,580,307	-	144,581,832	137,614,603	6,967,229	-
Loans and borrowings	403,082,398	5.05-8.75	465,418,244	192,569,569	237,384,917	35,463,758
	546,662,705		610,000,076	330,184,172	244,352,146	35,463,758
Company						
Non-derivative financial liabilities						
Trade and other payables						
- interest bearing	138,375,156	3.20	138,375,156	138,375,156	-	-
- non-interest bearing	1,727,553	-	1,727,553	1,727,553	-	-
Loans and borrowings	151,873,464	5.10-8.75	164,314,898	133,452,743	30,862,155	-
Financial guarantee	-	-	251,208,934	251,208,934	-	-
	291,976,173		555,626,541	524,764,386	30,862,155	-

27. FINANCIAL INSTRUMENTS (CONT'D)

27.6 Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's and the Company's financial position or cash flows.

Interest rate risk

The Group's and the Company's fixed rate borrowing is exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investment in financial assets, short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group and the Company manage their interest rate exposure by maintaining a mix of fixed and floating rate loans and borrowings. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group	Company
	RM	RM
31.3.2019		
Fixed rate instruments		
Financial assets	3,275,841	569,456
Financial liabilities	(107,159)	(107,159)
	3,168,682	462,297
Floating rate instruments		
Financial assets	-	403,860,857
Financial liabilities	(402,975,239)	(290,141,461)
	(402,975,239)	113,719,396

27. FINANCIAL INSTRUMENTS (CONT'D)

27.6 Market risk (cont'd)

Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss, and the Group and the Company do not designate any derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Group	Company
	RM	RM
2019		
Floating rate instruments		
100 bp increase	(3,062,612)	864,267
100 bp decrease	3,062,612	(864,267)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables, payables and borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses non-current financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value				
Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
31.3.2019					
Financial assets					
Non-current					
Trade receivables	-	-	780,000	780,000	780,000
Other receivables	-	-	3,218,498	3,218,498	3,218,498
Refundable deposits	-	-	4,390,258	4,390,258	4,390,258
	-	-	8,388,756	8,388,756	8,388,756
Financial liabilities					
Non-current					
Trade payables	-	-	6,492,341	6,492,341	6,492,341
Refundable deposits	-	-	48,690	48,690	48,690
Loans and borrowings	-	-	310,622,634	310,622,634	310,622,634
	-	-	317,163,665	317,163,665	317,163,665

27. FINANCIAL INSTRUMENTS (CONT'D)

27.7 Fair value information (cont'd)

	Fair value of financial instruments not carried at fair value				
Company	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
31.3.2019					
Financial assets					
Non-current					
Refundable deposits	-	-	75,353	75,353	75,353
Financial liabilities					
Non-current					
Loans and borrowings	-	-	95,936,661	95,936,661	95,936,661

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 (2018: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Level 3 fair value is determined using the discounted cash flows valuation technique using a rate based on the current market rate of borrowing of the respective group entities at the reporting date.

28. OPERATING LEASES

Leases as lessee

The Group has entered into non-cancellable operating lease agreements for the use of land and building. These leases have a life of 20 to 30 years with renewal option included in the contracts. Lease payments are reviewed every three years to reflect current market rentals. There are no restrictions placed upon the Group by entering into these leases.

The future aggregate minimum lease payments under the operating lease contracted for as at the reporting date but not recognised as liabilities are as follows

	Group	
	2019	2018
	RM	RM
Not later than 1 year	235,703	192,000
Later than 1 year and not later than 5 years	801,456	768,000
Later than 5 years	1,674,800	1,963,300
	2,711,959	2,923,300

	Company	
	2019	2018
	RM	RM
Not later than 1 year	49,703	-
Later than 1 year and not later than 5 years	57,456	-
Later than 5 years	-	-
	107,159	-

28. OPERATING LEASES (CONT'D)

Leases as lessor

The Group has entered into non-cancellable operating lease agreements on its concession assets and investment properties. These leases have remaining non-cancellable lease terms of between 1 and 3 years.

The future minimum lease payments receivable under the operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	Group	
	2019	2018
	RM	RM
Not later than 1 year	898,440	924,345
Later than 1 year and not later than 5 years	723,405	355,185
	1,621,845	1,279,530

29. CAPITAL MANAGEMENT

The Group's objectives 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's approach for capital management is to monitor and maintain an optimal debt-to-equity ratio. The debt-to-equity ratios at 31 March 2019 and 31 March 2018 are as follows:

	Group			Company		
	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Amounts due to subsidiaries	-	-	-	138,375,156	42,070,923	33,451,034
Loans and borrowings	403,082,398	441,820,486	278,385,414	151,873,464	152,806,600	103,720,000
Less: Deposits placed with licensed banks	(3,275,841)	(3,187,883)	(3,101,738)	(569,456)	(552,333)	(535,466)
Less: Cash and bank balances	(16,587,255)	(16,280,160)	(44,628,701)	(2,559,372)	(309,612)	(4,608,576)
Net debt	383,219,302	422,352,443	230,654,975	287,119,792	194,015,578	132,026,992
Total equity	585,142,929	590,964,674	598,423,583	303,722,240	355,181,918	352,863,423
Debt-to-equity ratios (net)	65%	71%	39%	95%	55%	37%

There was no change in the Group's approach to capital management during the financial year.

30. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationship with its holding company, subsidiaries, associate and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 22) and dividend income, are shown below. The balances related to the below transactions are shown in Note 9 and Note 16.

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Subsidiaries				
Interest receivable	-	-	12,813,268	9,633,229
Interest payable	-	-	2,272,676	750,617
Landowner entitlement received	-	-	1,093,720	1,262,910
Management fee received	-	-	3,644,550	3,225,600
Rental received	-	-	31,200	31,200

31. ACQUISITION OF A SUBSIDIARY

Acquisition of subsidiary - Kajang Heights Development Sdn. Bhd.

In May 2018, the Group completed the acquisition of 3,000,000 ordinary shares in Kajang Heights Development Sdn. Bhd. ("KHDSB"), being the entire paid up share capital of KHDSB, for a total consideration of RM69,385,805, pursuant to a conditional share sale agreement dated 27 December 2017. KHDSB is involved in property development activities. For the 10 months period to 31 March 2019, KHDSB has not contributed any revenue but incurred a loss of RM554,687. Had the acquisition occurred on 1 April 2018, management estimates that consolidated loss for the financial year would have been RM22,554,565. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition of RM61,319,477 would have been the same if the acquisition had occurred on 1 April 2018.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

31. ACQUISITION OF A SUBSIDIARY (CONT'D)

Acquisition of subsidiary - Kajang Heights Development Sdn. Bhd. (cont'd)

	Group 2019 RM
Fair value of consideration transferred	
Cash and cash equivalents	69,385,805
Identifiable assets acquired and liabilities assumed	
Inventories	95,800,000
Current tax assets	48,164
Cash and cash equivalents	2,000
Deferred tax liabilities	(19,364,046)
Other payables	(672,388)
Total identifiable net assets	75,813,730
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and cash equivalents	69,385,805
Cash and cash equivalents acquired	(2,000)
	69,383,805
Deposits paid in prior year	(21,000,000)
	48,383,805
Bargain purchase gain	
Bargain purchase gain was recognised as a result of the acquisition as follows:	
Total consideration transferred	69,385,805
Fair value of identifiable net assets	75,813,730
Bargain purchase gain	(6,427,925)

The fair value of inventories, comprising 4 parcels of freehold land, are determined by the Directors based on level 3 fair value determined using the sales comparison approach, which involves using sales price of comparable land in close proximity, adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

32. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Company		
	31.3.2019 RM	31.3.2018 RM	1.4.2017 RM
Corporate guarantees issued to licensed banks in respect of borrowings granted to subsidiaries	251,208,934	318,840,048	201,699,286

33. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Capital expenditure commitment				
Other commitment				
Investment in a subsidiary	-	49,000,000	-	49,000,000

34. SIGNIFICANT EVENTS

Group and Company

34.1 In May 2018, the Company completed the acquisition of 3,000,000 ordinary shares in Kajang Heights Development Sdn. Bhd. ("KHDSB"), being the entire paid up share capital of KHDSB, for a total consideration of RM69,385,806, pursuant to a conditional share sale agreement dated 27 December 2017.

34.2 In August 2018, the Company incorporated Huayang Ventures Sdn. Bhd. ("HYV"), a wholly-owned subsidiary, for a total issued paid up capital of RM2. In December 2018, the Company has subscribed to additional 99,998 ordinary shares for a total consideration of RM99,998 settled in kind by offsetting debts owing by HYV to the Company.

34.3 In October 2018, the Company completed the disposal of 900,000 ordinary shares in KHDSB, representing 30% equity interest in KHDSB, for a total consideration of RM21,000,000, pursuant to a conditional share sale agreement dated 30 August 2018. Following the disposal, the Group and the Company's equity interest in KHDSB changed from 100% to 70% and the Group recognised a non-controlling interest of RM22,817,442 and loss on change in ownership interest in KHDSB of RM1,817,442 which was recognised directly in retained earnings.

34.4 In March 2019, the Company has subscribed to additional 1,500,000 ordinary shares in Prop Park Sdn. Bhd. ("PPSB"), a wholly-owned subsidiary, for a total consideration of RM1,500,000 settled in kind by offsetting debts owing by PPSB to the Company.

35. EXPLANATION OF TRANSITION TO MFRSS

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 March 2019, the comparative information presented in these financial statements for the financial year ended 31 March 2018 and in the preparation of the opening MFRS statement of financial position at 1 April 2017 (the Group's and the Company's date of transition to MFRSs).

35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

35.1 Reconciliation of financial position

		At 31.3.2018			At 1.4.2017		
Group	Note	FRSs RM	Effect of Transition to MFRSs RM	MFRSs RM	FRSs RM	Effect of Transition to MFRSs RM	MFRSs RM
Assets							
Property, plant and equipment		16,610,934	-	16,610,934	8,983,326	-	8,983,326
Investment properties		1,739,009	-	1,739,009	1,781,766	-	1,781,766
Land held for property development	a	456,353,227	(456,353,227)	-	442,600,038	(442,600,038)	-
Intangible assets		23,741,140	-	23,741,140	25,510,306	-	25,510,306
Investment in an associate		189,440,202	-	189,440,202	66,701,555	-	66,701,555
Inventories	a,f	-	455,574,695	455,574,695	-	442,600,038	442,600,038
Trade and other receivables		8,753,250	-	8,753,250	6,572,868	-	6,572,868
Deposits placed with licensed banks		3,187,883	-	3,187,883	3,101,738	-	3,101,738
Deferred tax assets	g	14,608,493	513,254	15,121,747	13,879,739	(932,345)	12,947,394
Total non-current assets		714,434,138	(265,278)	714,168,860	569,131,336	(932,345)	568,198,991
Property development costs	a	239,307,737	(239,307,737)	-	267,537,766	(267,537,766)	-
Inventories	a,f	106,068,612	221,158,899	327,227,511	39,629,017	258,886,460	298,515,477
Contract assets	b,d	-	50,117,820	50,117,820	-	76,898,761	76,898,761
Contract costs	a,c,e	-	18,785,293	18,785,293	-	11,236,423	11,236,423
Other current assets	b	44,954,610	(44,643,116)	311,494	76,435,057	(75,544,120)	890,937
Current tax assets		5,780,544	-	5,780,544	-	-	-
Trade and other receivables	b	76,888,276	(2,379,819)	74,508,457	52,985,766	-	52,985,766
Cash and bank balances		16,280,160	-	16,280,160	44,628,701	-	44,628,701
Total current assets		489,279,939	3,731,340	493,011,279	481,216,307	3,939,758	485,156,065
Total assets		1,203,714,077	3,466,062	1,207,180,139	1,050,347,643	3,007,413	1,053,355,056

35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

35.1 Reconciliation of financial position (cont'd)

Group	Note	At 31.3.2018 FRSs RM	At 31.3.2018 Effect of Transition to MFRSs RM	At 31.3.2018 MFRSs RM	At 1.4.2017 FRSs RM	At 1.4.2017 Effect of Transition to MFRSs RM	At 1.4.2017 MFRSs RM
Equity							
Share capital		352,000,000	-	352,000,000	352,000,000	-	352,000,000
Retained earnings	h	240,768,936	776,738	241,545,674	243,397,180	3,026,403	246,423,583
Translation reserves		(2,581,000)	-	(2,581,000)	-	-	-
Equity attributable to owners of the Company		590,187,936	776,738	590,964,674	595,397,180	3,026,403	598,423,583
Liabilities							
Trade and other payables		18,987,560	-	18,987,560	13,622,641	-	13,622,641
Deferred tax liabilities	g	19,248,077	758,538	20,006,615	19,621,982	23,359	19,645,341
Loans and borrowings		230,105,019	-	230,105,019	191,454,074	-	191,454,074
Total non-current liabilities		268,340,656	758,538	269,099,194	224,698,697	23,359	224,722,056
Trade and other payables	b	132,109,095	1,936,227	134,045,322	136,710,892	(42,349)	136,668,543
Contract liabilities	b	-	1,355,482	1,355,482	-	4,832,666	4,832,666
Other current liabilities		1,360,923	(1,360,923)	-	4,832,666	(4,832,666)	-
Loans and borrowings		211,715,467	-	211,715,467	86,931,340	-	86,931,340
Current tax liabilities		-	-	-	1,776,868	-	1,776,868
Total current liabilities		345,185,485	1,930,786	347,116,271	230,251,766	(42,349)	230,209,417
Total liabilities		613,526,141	2,689,324	616,215,465	454,950,463	(18,990)	454,931,473
Total equity and liabilities		1,203,714,077	3,466,062	1,207,180,139	1,050,347,643	3,007,413	1,053,355,056

35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

35.1 Reconciliation of financial position (cont'd)

		At 31.3.2018			At 1.4.2017		
Company	Note	FRSs RM	Effect of Transition to MFRSs RM	MFRSs RM	FRSs RM	Effect of Transition to MFRSs RM	MFRSs RM
Assets							
Property, plant and equipment		5,781,610	-	5,781,610	6,018,373	-	6,018,373
Investment properties		1,954,596	-	1,954,596	2,000,653	-	2,000,653
Land held for property development	a	6,702,085	(6,702,085)	-	6,654,385	(6,654,385)	-
Investments in subsidiaries		125,091,146	-	125,091,146	125,091,146	-	125,091,146
Inventories	a	-	6,702,085	6,702,085	-	6,654,385	6,654,385
Trade and other receivables		63,720	-	63,720	62,720	-	62,720
Deposits placed with licensed banks		552,333	-	552,333	535,466	-	535,466
Deferred tax assets		2,230,935	-	2,230,935	2,164,581	-	2,164,581
Total non-current assets		142,376,425	-	142,376,425	142,527,324	-	142,527,324
Property development costs	a	312,701	(312,701)	-	636,741	(636,741)	-
Inventories	a	251,338	312,701	564,039	251,338	636,741	888,079
Other current assets		215,720	-	215,720	425,891	-	425,891
Trade and other receivables		408,831,126	-	408,831,126	351,739,024	-	351,739,024
Cash and bank balances		309,612	-	309,612	4,608,576	-	4,608,576
Total current assets		409,920,497	-	409,920,497	357,661,570	-	357,661,570
Total assets		552,296,922	-	552,296,922	500,188,894	-	500,188,894

35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

35.1 Reconciliation of financial position (cont'd)

		At 31.3.2018			At 1.4.2017		
Company	Note	FRSs RM	Effect of Transition to MFRSs RM	MFRSs RM	FRSs RM	Effect of Transition to MFRSs RM	MFRSs RM
Equity							
Share capital		352,000,000	-	352,000,000	352,000,000	-	352,000,000
Retained earnings		3,181,918	-	3,181,918	863,423	-	863,423
Equity attributable to owners of the Company		355,181,918	-	355,181,918	352,863,423	-	352,863,423
Liabilities							
Loans and borrowings		82,815,000	-	82,815,000	80,680,000	-	80,680,000
Total non-current liabilities		82,815,000	-	82,815,000	80,680,000	-	80,680,000
Trade and other payables		43,905,083	-	43,905,083	43,359,731	-	43,359,731
Loans and borrowings		69,991,600	-	69,991,600	23,040,000	-	23,040,000
Current tax liabilities		403,321	-	403,321	245,740	-	245,740
Total current liabilities		114,300,004	-	114,300,004	66,645,471	-	66,645,471
Total liabilities		197,115,004	-	197,115,004	147,325,471	-	147,325,471
Total equity and liabilities		552,296,922	-	552,296,922	500,188,894	-	500,188,894

35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

35.2 Reconciliation of profit or loss and other comprehensive income for the year ended at 31 March 2018

		Group			Company		
	Note	FRSs RM	Effect of Transition to MFRSs RM	MFRSs RM	FRSs RM	Effect of Transition to MFRSs RM	MFRSs RM
Revenue	d	230,691,392	(3,334,670)	227,356,722	15,488,510	-	15,488,510
Cost of sales	e	(161,883,087)	(476,755)	(162,359,842)	(324,040)	-	(324,040)
Gross profit		68,808,305	(3,811,425)	64,996,880	15,164,470	-	15,164,470
Other income		1,657,498	-	1,657,498	9,808,109	-	9,808,109
Administrative expenses		(31,224,290)	-	(31,224,290)	(9,221,422)	-	(9,221,422)
Selling and marketing expenses	c,d	(17,910,389)	4,125,308	(13,785,081)	-	-	-
Results from operating activities		21,331,124	313,883	21,645,007	15,751,157	-	15,751,157
Finance costs	f	(11,058,587)	(3,273,968)	(14,332,555)	(5,844,718)	-	(5,844,718)
Share of profits of equity-accounted associate, net of tax		1,313,000	-	1,313,000	-	-	-
Profit before tax		11,585,537	(2,960,085)	8,625,452	9,906,439	-	9,906,439
Tax expense		(7,173,781)	710,420	(6,463,361)	(547,944)	-	(547,944)
Profit for the year		4,411,756	(2,249,665)	2,162,091	9,358,495	-	9,358,495
Other comprehensive loss, net of tax							
Items that are or may be reclassified subsequently to profit or loss							
Share of other comprehensive loss of equity-accounted associate		(2,581,000)	-	(2,581,000)	-	-	-
Total comprehensive income/(loss)		1,830,756	(2,249,665)	(418,909)	9,358,495	-	9,358,495

35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

35.3 Material adjustments to the statements of cash flows for the year ended at 31 March 2018

		Group			Company		
	Note	FRSs RM	Effect of Transition to MFRSs RM	MFRSs RM	FRSs RM	Effect of Transition to MFRSs RM	MFRSs RM
Cash flows from operating activities	a	51,656,602	(52,212,077)	(555,475)	(28,178,110)	(625,955)	(28,804,065)
Cash flows from investing activities	a	(205,683,767)	51,497,862	(154,185,905)	(13,885,758)	47,700	(13,838,058)
Cash flows from financing activities		109,876,550	714,215	110,590,765	25,773,304	578,255	26,351,559
Net decrease in cash and cash equivalents		(44,150,615)	-	(44,150,615)	(16,290,564)	-	(16,290,564)

35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

35.4 Notes to reconciliations

Note a

Under FRS, cost associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities are recognised as property development costs. Land on which no development activities have been carried out or where development activities are not expected to be completed within the Company's normal operating cycle of 2 to 3 years are classified as non-current assets and presented as land held for property development.

Upon transition to MFRS, the above costs are recognised as inventories. In addition, the above costs that relate directly to a contract is recognised as an asset when the cost generates or enhances resources of the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

The change has led to a reclassification of property development cost and land held for property development to current and non-current inventories respectively. Current inventories that relate to contracts with customers are reclassified and presented as contract cost. Additions to land held for property development previously presented as cash flows from investing activities in the statement of cash flows were also reclassified as changes in working capital which is presented in cash flows from operating activities in the statement of cash flows. There is no impact to equity and the statement of profit or loss and other comprehensive income of the Company.

Note b

Under FRS, the excess of revenue recognised over profit or loss over billings to purchasers is shown as accrued billings and the excess of billings to purchasers over revenue recognised in profit or loss is shown as progress billings.

Upon transition to MFRS, accrued billings and progress billings are recognised as contract assets and contract liabilities respectively.

The change has led to a reclassification of accrued billings and progress billings to contract assets and contract liabilities respective and there is no impact to equity and the statement of profit or loss and other comprehensive income of the Company.

Note c

Under FRS, the incremental costs of obtaining contracts with customers are expensed off into profit or loss as incurred.

Upon transition to MFRS, incremental costs of obtaining contracts are recognised as an asset when the Company expects to recover these costs. These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

35.4 Notes to reconciliations (cont'd)

The impact arising from the change is summarised as follows:

	Group	
	31.3.2018 RM	1.4.2017 RM
Statement of profit or loss and other comprehensive income		
Selling and marketing expenses	396,705	
Adjustment before tax	396,705	
Statement of financial position		
Contract costs - Cost to obtain a contract	2,360,289	1,963,584
Related tax effect	(566,469)	(471,260)
Adjustment to retained earnings	1,793,820	1,492,324

Note d

Under FRS, revenue from property development activities and construction contracts is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Upon transition to MFRS, revenue is recognised and measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, based on the following criteria, among others:

(a) Revenue is recognised in respect of a contract with a customer if collectability of the consideration for the transfer of goods and services is probable.

(b) Revenue is recognised for each distinct goods and services (or performance obligations) identified in a contract with a customer, based on considerations specified in a contract, which is allocated to each performance obligations on a relative stand alone selling price basis.

The impact arising from the change is summarised as follows:

	Group	
	31.3.2018 RM	1.4.2017 RM
Statement of profit or loss and other comprehensive income		
Revenue	(3,334,670)	-
Selling and marketing expenses	3,728,603	-
Adjustment before tax	393,933	-
Statement of financial position		
Contract assets	1,748,393	1,354,460
Related tax effect	(419,614)	(325,070)
Adjustment to retained earnings	1,328,779	1,029,390

35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

35.4 Notes to reconciliations (cont'd)

Note e

Under FRS, cost of sales is recognised based on property development costs attributable to development properties sold in the period in which the related revenue is recognised resulting in the matching of cost of sales and revenue.

Upon transition to MFRS, cost of sales is recognised based on amortisation of cost to fulfil contract on a systematic basis that is consistent with the pattern of revenue recognition to which the sold development properties relates. Cost to fulfil contract for development properties sold are carrying amount of inventories attributed to the development properties sold.

The impact arising from the change is summarised as follows:

	Group	
	31.3.2018 RM	1.4.2017 RM
Statement of profit or loss and other comprehensive income		
Cost of sales	(476,755)	
Adjustment before tax	(476,755)	
Statement of financial position		
Contract costs - Cost to fulfil a contract	1,133,514	1,610,269
Related tax effect	(272,043)	(386,464)
Adjustment to retained earnings	861,471	1,223,805

Note f

Upon transition to MFRS, the Company adopted the IFRIC agenda decision on capitalisation of borrowing costs in relation to over time transfer of constructed goods. Consequently, borrowing costs capitalised in prior year in relation to inventories that are ready for their intended sales are recognised in profit or loss.

The impact arising from the change is summarised as follows:

	Group	
	31.3.2018 RM	1.4.2017 RM
Statement of profit or loss and other comprehensive income		
Finance costs	(3,273,968)	
Adjustment before tax	(3,273,968)	
Statement of financial position		
Inventories	(4,220,174)	(946,206)
Related tax effect	1,012,842	227,090
Adjustment to retained earnings	(3,207,332)	(719,116)

35. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

35.4 Notes to reconciliations (cont'd)

Note g

The changes that affected deferred tax assets/liabilities are as follows:

		Group	
	Note	31.3.2018 RM	1.4.2017 RM
Contract costs - Cost to obtain a contract	35.4c	(566,469)	(471,260)
Change in revenue recognition	35.4d	(419,614)	(325,070)
Change in cost of sales	35.4e	(272,043)	(386,464)
Borrowing costs capitalised recognised in profit or loss	35.4f	1,012,842	227,090
Net increase in deferred tax		(245,284)	(955,704)

Note h

The changes that affected the retained earnings are as follows:

		Group	
	Note	31.3.2018 RM	1.4.2017 RM
Contract costs - Cost to obtain a contract	35.4c	1,793,820	1,492,324
Change in revenue recognition	35.4d	1,328,779	1,029,390
Change in cost of sales	35.4e	861,471	1,223,805
Borrowing costs capitalised recognised in profit or loss	35.4f	(3,207,332)	(719,116)
Decrease in retained earnings		776,738	3,026,403

Note i

Certain comparative figures in the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows and notes to the financial statements were reclassified to conform to current year presentation.

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 70 to 150 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....
Ho Wen Yan
Director

....
Ho Wen Fan
Director

Kuala Lumpur,

Date: 17 July 2019

STATUTORY DECLARATION
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Tan Hwai Lun**, the officer primarily responsible for the financial management of Hua Yang Berhad, do solemnly and sincerely declare that the financial statements set out on pages 70 to 150 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Tan Hwai Lun, NRIC: 770815-10-5155, MIA: CA 24085, at Kuala Lumpur in the Federal Territory on 17 July 2019.

....
Tan Hwai Lun

Before me:
KAPT.(B) Jasni bin Yusoff
Pesuruhjaya Sumpah
No. W465
Lot 1.08, Tingkat 1
Bangunan KWSP, Jalan Raja Laut
50350 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT
To the Members of Hua Yang Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hua Yang Berhad, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 70 to 150.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters for the Group

Revenue recognition for property development activities

Refer to Note 2(p)(i) - Significant accounting policy: Revenue and Note 18 - Revenue.

The key audit matter:

The Group recorded revenue from sales of development properties and developed properties amounting to RM149,223,500 and RM116,758,883 respectively.

Revenue recognition from sales of development and developed properties is identified as a key audit matter because significant judgements were applied in revenue recognition, amongst others include:

- Probability of collection of consideration from purchasers, especially cash and foreign purchasers.
- Measurement of progress towards satisfaction of performance obligations using cost incurred method, in particular, relating to the estimation of the total costs required to complete the work used in the calculation of stage of completion.

Key Audit Matters (cont'd)

Key Audit Matters for the Group (cont'd)

How the matter was addressed in our audit:

We performed the following audit procedures, amongst others:

- We reviewed contracts with customers and relevant supporting documents and assessed the appropriateness of revenue recognition under MFRS 15;
- We reviewed the Group's assessment relating to the probability of collection of consideration from customers, in particular for customers who are not supported by end-financiers;
- We agreed the estimated total costs to complete the works to the feasibility study prepared by the Group and compared the details of the estimated costs against documentary evidence in order to evaluate the reasonableness of the estimated total property development costs.
- We compared the progress towards satisfaction of performance obligations using cost incurred method against the progress of construction works as stipulated in progress reports from contractors and physical progress from our observation and enquiry of site personnel during the development site visit. Based on the progress of the development, we considered the Group's exposure to liquidated ascertained damages claims from property buyers.

Valuation of developed properties

Refer to Note 2(h) - Significant accounting policy: Inventories and Note 8 - Inventories

The key audit matter:

Inventories of the Group comprised unsold developed properties amounting to RM58,023,141 from completed property development projects.

Developed properties are measured at lower of cost and net realisable value. The determination of the estimated net realisable value for these developed properties depends on the Group's expectation on future selling prices.

Valuation of developed properties is identified as a key audit matter because these developed properties were available for sales since the launch of the property development projects in previous years and the challenges faced by the Group in selling these developed properties may indicate that the Group's expectation of future selling prices may not be attainable.

How the matter was addressed in our audit:

We performed the following audit procedures, amongst others:

- We checked the valuation of developed properties against selling prices for developed properties sold subsequent to year end or selling prices of similar developed properties sold within the same development project to identify indications that net realisable value of developed properties are below their carrying amount.
- We visited and made physical observation of the conditions and surroundings of the developed properties to identify conditions that may require the Group to mark down its selling prices in order to sell the developed properties.

Valuation of investment in an associate

Refer to Note 2(l)(ii) - Significant accounting policy: Impairment - Other assets and Note 7 - Investment in an associate.

The key audit matter:

Investment in an associate represents investment in quoted shares of Magna Prima Berhad amounting to RM160,508,306.

Key Audit Matters (cont'd)

Key Audit Matters for the Group (cont'd)

The key audit matter: (cont'd)

Investment in associate is accounted for using the equity method less any impairment losses. Investment in associate is reviewed at the reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investment in associate is estimated and impairment losses are recognised if the carrying amount of investment in associate exceeds its estimated recoverable amount.

Impairment of investment in an associate is identified as a key audit matter because the market value for the investment in the associate is lower than its carrying amount which maybe an indication of impairment.

How the matter was addressed in our audit:

We performed the following audit procedures, amongst others:

- We have checked the impairment indicators reviewed by the Group, which includes comparing the carrying amount of the investment in associate against its fair value to determine whether there is significant and prolonged decline in fair value.

- We have checked the basis used by the Group in determining the fair value for the investment in associate to evaluate its reasonableness.

- We have evaluated the reasonableness of the impairment loss in respect of the investment in associate recorded by the Group, including the calculation of recoverable amount of the investment in associate.

Key Audit Matters for the Company

Impairment of investments in subsidiaries and amounts due from subsidiaries

Refer to Note 2(l)(i) - Significant accounting policy: Impairment - Financial assets, Note 2(l)(ii) - Significant accounting policy: Impairment - Other assets, Note 6 - Investments in subsidiaries and Note 27.4 - Impairment of inter-company balances.

The key audit matter:

Investments in subsidiaries with carrying amount of RM167,953,841 is reviewed at the reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments in subsidiaries is estimated and impairment losses are recognised if the carrying amount of investments in subsidiaries exceeds their estimated recoverable amount.

Amounts due from subsidiaries with carrying amount of RM403,860,857 is reviewed at the reporting date to determine whether it is credit impaired. Expected credit losses on amounts due from subsidiaries are reviewed at the reporting date.

Impairment of investments in subsidiaries and amounts due from subsidiaries are identified as a key audit matter because the carrying amounts relating to certain loss making subsidiaries are material and the basis and key assumptions used in determining the amount of impairment is subject to significant estimation uncertainty and changes to these key assumptions are highly sensitive.

How the matter was addressed in our audit:

We performed the following audit procedures, amongst others:

- We have checked the impairment indicators reviewed by the Company in respect of investments in subsidiaries, which includes review of the financial performance for the year and financial position at the reporting date for respective subsidiaries.

Key Audit Matters (cont'd)

Key Audit Matters for the Company (cont'd)

How the matter was addressed in our audit: (cont'd)

We performed the following audit procedures, amongst others: (cont'd)

- We have evaluated the reasonableness of the impairment loss in respect of investments in subsidiaries and amounts due from subsidiaries recorded by the Company, including the basis and assumptions used to forecast future cash flows from subsidiaries in estimating the expected credit losses for the amounts due from subsidiaries and the calculation of recoverable amount for the investments in subsidiaries.

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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company 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 gives a true and fair view.

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

1. As stated in Note 1(a) to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 April 2018 with a transition date of 1 April 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 March 2018 and 1 April 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 March 2018 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 March 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2018 do not contain misstatements that materially affect the financial position as of 31 March 2019 and financial performance and cash flows for the year then ended.

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya,
Date: 17 July 2019

Chan Kah Mun
Approval Number: 03350/01/2020 J
Chartered Accountant

LIST OF GROUP'S PROPERTIES
As At 31 March 2019

Description and Existing Use	Location	Tenure	Floor Area (Sq. Ft.)	Age of Building (Years)	Net Book Value (RM' 000)	Year of Acquisition	Registered /Beneficial Owner
4 ½ Storey Shop Office for office use	123, Jalan Raja Permaisuri Bainun (Jalan Kampar), 30250 Ipoh, Perak Darul Ridzuan	Freehold	8,027	38	315	1993	Yoon Lian Realty Sendirian Berhad / Hua Yang Berhad
1 unit of 3-Storey Shop Office and 1 unit of 8-Storey Shop Office for office use	C-21 & C-22, Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor Darul Ehsan	Leasehold 99 years, expiring on 10 April 2101	20,516	14	2,319	2005	Hua Yang Berhad
Car park bays, Medan Selayang	Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor Darul Ehsan	Leasehold 99 years, expiring on 10 April 2101	138,166	14	1,594	2005	Hua Yang Berhad
2 units 2-Storey Shop Office for office use	53 & 55, Jalan Besi, Taman Sri Putri, 81300 Skudai, Johor Darul Takzim	Freehold	6,544	8	653	2011	Grandeur Park Sdn Bhd
2 units Shop Office for office use	B-20-G & B-20-1, Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor Darul Ehsan	Leasehold 99 years, expiring on 10 April 2101	3,466	14	706	2015	Hua Yang Berhad

LIST OF GROUP'S PROPERTIES (CONT'D)

As At 31 March 2019

Description and Existing Use	Location	Tenure	Land Area (Acres)	Remaining Land for Development (Acres)	Net Book Value (RM' 000)	Year of Acquisition	Year of Commencement of Development	Registered/ Beneficial Owner
Development land approved for mixed development	Geran 231624 Lot 5024 Mukim Senai, Daerah Kulaijaya and Geran 95306 Lot 2742 Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Freehold	134.47	36.27	23,103	2009	2011	Grandeur Park Sdn Bhd
Development land approved for mixed development	H.S.(D) 45670 PTB 10964, H.S.(D) 79521 PTB 10965, H.S.(D) 496784 PTB 13738, H.S.(D) 124896 PTB 13739, H.S.(D) 116405 PTB 13721, H.S.(D) 116406 PTB 13722, Geran 24543 Lot 9917 Bandar and Daerah of Johor Bahru	Freehold	1.08	1.08	5,868	2012	N/A	Grandeur Park Sdn Bhd
Development land approved for mixed development	Lot 6022-6029, H.S.(D) 279-286, Mukim Plentong, Daerah Johor Bahru, Johor	Freehold	73.16	64.46	122, 653	2016	2017	Grand View Realty Sdn Bhd
Homestead agriculture lot and development land approved for residential development	Lot No. 8892, 8909, 8912-8922, 9594, 9694, 9697-9710 Mukim Seremban, Daerah Seremban, Negeri Sembilan Darul Khusus	Freehold	17.65	17.65	6,702	1995	N/A	Hua Yang Berhad
Development land approved for mixed development	H.S.(D) 185485, PT 334, Pekan Baru Sungai Besi, Daerah Petaling, Selangor Darul Ehsan	Leasehold (Expiring 28 May 2102)	3.73	Nil	99,177	2013	2016	Prop Park Sdn Bhd
Development land approved for mixed development	PN 95919 Lot 110500, PN 95920 Lot 110501, PN 95921 Lot 110502, PN 95922 Lot 110503, PN 95923 Lot 110506 Mukim Petaling, Dearah Petaling, Selangor Darul Ehsan	Leasehold (Expiring Dec 2110)	29.21	29.21	216,134	2013	N/A	Bison Holdings Sdn Bhd
Development land approved for mixed development	H.S.(D)131583 PT 68248, H.S.(D)131584 PT 68249, H.S.(D)131585 PT 68250, H.S.(D)154349 PT 74041, Mukim Kajang, District of Ulu Langat, Selangor Darul Ehsan	Freehold	19.76	19.76	69,419	2018	N/A	Kajang Heights Development Sdn Bhd
Development land approved for mixed development	Lot 12670 (PT 1347) Mukim Bota, Daerah Tengah, Perak Darul Ridzuan	Leasehold (Expiring April 2103)	739	266.81	42,380	1991	2001	Agro-Mod Industries Sdn Bhd

LIST OF GROUP'S PROPERTIES (CONT'D)
As At 31 March 2019

Description and Existing Use	Location	Tenure	Land Area (Acres)	Remaining Land for Development (Acres)	Net Book Value (RM' 000)	Year of Acquisition	Year of Commencement of Development	Registered/ Beneficial Owner
Development land approved for commercial development	Lot 11329 (PT 2062-PT 2409, PT 2699-PT 2713 & PT 2715) Mukim Bota, Daerah Tengah, Perak Darul Ridzuan	Leasehold (Expiring 7 April 2102)	38	2	687	1996	2001	Agro-Mod Industries Sdn Bhd
Development land approved for commercial development	54 lots of commercial title, Lot 105147 – 105200 Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan	Leasehold (Expiring 23 December 2080)	4	4	5,178	2013	N/A	Agro-Mod Industries Sdn Bhd
Development land approved for commercial development	Lot 2919, 29056, 29057 and 102133 Mukim Hulu Kinta, Perak Darul Ridzuan	Freehold except Lot 102133 (Expiring 23 December 2105)	7.21	7.21	32,667	2015	N/A	Agro-Mod Industries Sdn Bhd
Development land approved for commercial development	52 lots of commercial title, Lot 105837 – 105888 Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan	Leasehold (Expiring 23 December 2080)	2	2	6,000	2017	N/A	Agro-Mod Industries Sdn Bhd
Development land approved for residential development	Lot 320213 & 320214 (Geran 72080 & 72079), Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan	Freehold	3.7	2.29	736	1994	2012	Yoon Lian Realty Sendirian Berhad
Development land approved for mixed development	H.S.(D) 204382 PT 245009 Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan	Freehold	3.8	3.8	17,944	2017	N/A	Yoon Lian Realty Sendirian Berhad
Development land approved for mixed development	Geran 26077, Lot 427, Seksyen 4 Bandar Bukit Mertajam, Pulau Pinang	Freehold	4.90	4.90	30,386	2015	N/A	Tinggian Development Sendirian Berhad
Development land approved for mixed development	Lot 20328 & 20329, Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang	Freehold	9.50	9.50	26,303	2016	N/A	Tinggian Development Sendirian Berhad
Development land approved for mixed development	Lot 10414-10416, Mukim 6, Daerah Seberang Perai Tengah, Pulau Pinang	Freehold	6.78	2.46	56,481	2016	2016	G Land Development Sdn Bhd

ANALYSIS OF SHAREHOLDINGS

As At 28 June 2019

SHARE CAPITAL

Issued and fully paid-up capital:	RM352,000,000
Class of shares:	Ordinary Shares
Voting rights:	One vote per Ordinary Share

ORDINARY SHARE DISTRIBUTION SCHEDULE AS AT 28 JUNE 2019

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 - 99	809	12.04	40,605	0.01
100 - 1,000	451	6.71	236,941	0.07
1,001 - 10,000	3,073	45.72	15,011,671	4.27
10,001 - 100,000	2,076	30.89	61,643,801	17.51
100,001 - 17,599,999*	310	4.61	206,144,354	58.56
17,600,000 and above**	2	0.03	68,922,628	19.58
Total	6,721	100.00	352,000,000	100.00

Remark:
* *Less than 5% of issued shares*
** *5% and above of issued shares*

DIRECTORS' SHAREHOLDINGS AS AT 28 JUNE 2019

Name of Directors	Direct Interest	%	Deemed Interest	%
1. Tan Sri Dato' Seri Dr. Ting Chew Peh	391,110	0.11	336,274 (2)	0.10
2. Ho Mook Leong	2,215,823	0.63	604,154 (3)	0.17
3. Ho Wen Yan	1,564,440	0.44	112,089,294 (1)	31.84
4. Dato' Tan Bing Hua	70,221	0.02	200,000 (2)	0.06
5. Chew Po Sim	-	-	112,089,294 (1)	31.84
6. Chew Hoe Soon	363,554	0.10	809,920 (3)	0.23
7. Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud	-	-	-	-
8. Ho Wen Fan (Alternate Director)	-	-	112,089,294 (1)	31.84

Notes:

(1) Deemed interest by virtue of her/his substantial shareholdings in Heng Holdings Sdn Berhad.
(2) Deemed interest by virtue of the shareholdings of his spouse.
(3) Deemed interest by virtue of the shareholdings of his spouse and children.

ANALYSIS OF SHAREHOLDINGS (CONT'D)
As At 28 June 2019

SUBSTANTIAL SHAREHOLDERS AS AT 28 JUNE 2019

Name	Direct Interest	%	Deemed Interest	%
1. Heng Holdings Sdn Berhad	112,089,294	31.84	-	-
2. Chew Po Sim	-	-	112,089,294 (1)	31.84
3. Ho Min Yi	-	-	112,089,294 (1)	31.84
4. Ho Wen Yan	1,564,440	0.44	112,089,294 (1)	31.84
5. Ho Wen Han	-	-	112,089,294 (1)	31.84
6. Ho Wen Fan	-	-	112,089,294 (1)	31.84

Notes:

(1) Deemed interest by virtue of his/her substantial shareholdings in Heng Holdings Sdn Berhad.

ANALYSIS OF SHAREHOLDINGS (CONT'D)
As At 28 June 2019

LIST OF 30 LARGEST SHAREHOLDERS AS AT 28 JUNE 2019

No.	Name of Shareholders	No. of Shares	%
1.	Heng Holdings Sdn Berhad	46,255,962	13.14
2.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Heng Holdings Sdn Berhad	22,666,666	6.44
3.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Heng Holdings Sdn Berhad	17,333,333	4.92
4.	HSBC Nominees (Tempatan) Sdn Bhd for Heng Holdings Sdn Berhad	13,333,333	3.79
5.	Ho Khon Yok	10,584,045	3.01
6.	DB (Malaysia) Nominees (Tempatan) Sdn Bhd for Bank of Singapore Ltd.	10,000,000	2.84
7.	UOB Kay Hian Nominees (Asing) Sdn Bhd for UOB Kay Hian Pte Ltd	9,741,733	2.77
8.	Citigroup Nominees (Tempatan) Sdn Bhd for EPF Board (PHEIM)	6,265,400	1.78
9.	Ng Keat Siew	5,505,540	1.56
10.	Lim Khuan Eng	3,970,000	1.13
11.	JS Nominees (Tempatan) Sdn Bhd for Koay Kee Lek	3,710,000	1.05
12.	Maybank Nominees (Tempatan) Sdn Bhd for Liau Sek Thoon	3,031,233	0.86
13.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Lek Heng	3,020,232	0.86
14.	Tjong Tjhoen Mit @ Chong Choen Mit	2,933,333	0.83
15.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tawaria Sdn Bhd	2,721,000	0.77
16.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Heng Holdings Sdn Berhad	2,500,000	0.71
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Siew Eng @ Ong Chai	2,448,866	0.70
18.	Erica Madeleine Ee Mein Martin	2,396,305	0.68
19.	Kenwingston Sdn Bhd	2,303,000	0.65
20.	RHB Nominees (Tempatan) Sdn Bhd for OCI Engineering Sdn Bhd	2,222,221	0.63
21.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Swee Boh @ Goh Cheng Kin	2,201,250	0.63
22.	Goh Swee Boh @ Goh Cheng Kin	2,080,337	0.59
23.	Lee Ah Har @ Lee Kong Yip	2,001,253	0.57
24.	Loo Hooi Eng	1,968,554	0.56
25.	Stephen Paul Chong	1,847,972	0.52
26.	Ho Chon Yin	1,799,665	0.51
27.	Ho Mook Leong	1,741,973	0.49
28.	Ho Wen Yan	1,564,440	0.44
29.	Lam Kong Tang	1,500,000	0.43
30.	Public Invest Nominees (Tempatan) Sdn Bhd for Lam Kong Tang	1,500,000	0.43

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fortieth Annual General Meeting of Hua Yang Berhad will be held at the Head Office of the Company at 4th Floor, C-21 Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor on Wednesday, 28 August 2019 at 10.30 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Reports of the Directors and Auditors thereon.	
2.	To approve the payment of Directors' fees and meeting attendance allowance of RM721,970 and benefits for the financial year ended 31 March 2019.	(Resolution 1)
3.	To approve the payment of meeting attendance allowance of RM1,000 per meeting for each Non-Executive Director from August 2019 till July 2020.	(Resolution 2)
4.	To re-elect the following Directors retiring pursuant to Article 97(1) of the Company's Constitution:- 4.1 Tan Sri Dato' Seri Dr. Ting Chew Peh 4.2 Dato' Tan Bing Hua	 (Resolution 3) (Resolution 4)
5.	To re-appoint KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.	(Resolution 5)

As Special Business

6.	Ordinary Resolution 1 Continuation in Office as Independent Non-Executive Director "THAT approval be and is hereby given to Tan Sri Dato' Seri Dr. Ting Chew Peh who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company.	(Resolution 6)
7.	Ordinary Resolution 2 Continuation in Office as Independent Non-Executive Director "THAT approval be and is hereby given to Dato' Tan Bing Hua who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company.	(Resolution 7)
8.	Ordinary Resolution 3 Authority to issue shares pursuant to Sections 75 & 76 of the Companies Act 2016 "THAT, pursuant to Sections 75 & 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may 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 and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."	(Resolution 8)
9.	To transact any other ordinary business of which due notice shall have been given.	

BY ORDER OF THE BOARD
LEONG OI WAH (MAICSA 7023802)(SSM PRACTISING CERTIFICATE NO.: 201908000717)
TAN HWAI LUN (MIA 24085)
LAM CHO WAI (MIA 37324)
Company Secretaries

Selangor Darul Ehsan
29 July 2019

Notes:

1. Only members whose name appear in the Record of Depositors as at 21 August 2019 will be entitled to attend the Annual General Meeting or appoint proxy/proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and vote in his/her stead.

2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each securities account it may hold with ordinary shares of the Company standing to the credit of the said securities account.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy must be deposited at the Registered Office of the Company at C-21, Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor Darul Ehsan at least forty-eight (48) hours before the time appointed for the Meeting or any adjournment thereof.

6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 40th Annual General Meeting will be put to vote by poll.

7. On agenda 2, the benefits relates to the provision of a driver for use by the Company's Chairman.

8. On agenda 4, the directors to retire under Article 97(1) of the Company's Constitution are Tan Sri Dato' Seri Dr. Ting Chew Peh, Dato' Tan Bing Hua and Mr Ho Mook Leong. Mr Ho Mook Leong has informed the Company that he would not be seeking re-election and will retire at the end of the 40th Annual General Meeting of the Company.

Explanatory Note on Special Business:

Resolutions 6 & 7

The proposed Resolutions, if passed, will enable Tan Sri Dato' Seri Dr. Ting Chew Peh and Dato' Tan Bing Hua to continue in office as Independent Non-Executive Directors of the Company.

The Nomination Committee and the Board have assessed the independence of Tan Sri Dato' Seri Dr. Ting Chew Peh and Dato' Tan Bing Hua at its meetings held on 29 May 2019 and have recommended that they continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

a) They have completed the forms of declaration affirming their independence as per the definition of the Listing Requirements.
b) They have actively participated in board discussion and provided an independent voice on the Board.
c) They provide a check and balance and bring an element of objectivity to the Board of Directors.
d) They continue to be scrupulously independent in their thinking and in their effectiveness as constructive challengers of the Chief Executive Officer.

Resolution 8

The proposed Resolution 8 will give powers to the Directors to issue up to a maximum ten per centum (10%) of the total number of issued shares of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The Company did not utilise the mandate sought for issue of new shares that was approved by the shareholders on 29 August 2018 which will lapse at the conclusion of the forthcoming Annual General Meeting.

The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with our Personal Data Protection Notice set out in **www.huayang.com.my**. Further, you hereby warrant that relevant consent has been obtained for us to process any third party's personal data provided by you in accordance with our said Personal Data Protection Notice.

PROXY FORM

HUA YANG BERHAD
Company No. 44094-M
(Incorporated in Malaysia)

*I/We .... Company No./NRIC No. (new) .... (old) .... of .... being a member of **HUA YANG BERHAD** do hereby appoint Mr/Ms .... of NRIC No. (new) .... (old) .... or failing whom .... NRIC No. (new) .... (old) .... or failing whom the Chairman of the meeting as *my/*our proxies to vote for *me/*us and on *my/*our behalf at the Fortieth Annual General Meeting of the Company to be held at the Head Office of the Company at 4th Floor, C-21 Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor on Wednesday, 28 August 2019 at 10.30 a.m. and at any adjournment thereof.

*My/*Our proxy(ies) is / are to vote as indicated below:-

	Resolutions	For	Against
Resolution 1	**ORDINARY BUSINESSES** To approve the payment of Directors' fees and meeting attendance allowance of RM721,970 and benefits for the financial year ended 31 March 2019		
Resolution 2	To approve the payment of meeting attendance allowance of RM1,000 per meeting for each Non-Executive Director from August 2019 till July 2020		
Resolution 3	To re-elect Tan Sri Dato' Seri Dr. Ting Chew Peh as Director		
Resolution 4	To re-elect Dato' Tan Bing Hua as Director		
Resolution 5	To re-appoint KPMG PLT as the Auditors of the Company for the ensuing year		
Resolution 6	**SPECIAL BUSINESSES** To approve the continuation in office of Tan Sri Dato' Seri Dr. Ting Chew Peh as an Independent Non-Executive Director		
Resolution 7	To approve the continuation in office of Dato' Tan Bing Hua as an Independent Non-Executive Director		
Resolution 8	To approve the authority to issue shares pursuant to Sections 75 & 76 of the Companies Act 2016		

[Please indicate with (X) how you wish your vote to be casted. If no specific direction as to voting is given, your proxy will vote or abstain at his discretion].

Number of shares held	CDS Account No.

Dated this .... day of 2019

For appointment of two proxies, percentage of shareholdings to be represented by proxies:		
	No. of shares	Percentage
1st proxy		
2nd proxy		
Total		100%

....

[Signature(s) / Common Seal of Shareholder(s)]
[*Delete if not applicable]

NOTES:

1. Only members whose name appear in the Record of Depositors as at 21 August 2019 will be entitled to attend the Annual General Meeting or appoint proxy/proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and vote in his/her stead.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each securities account it may hold with ordinary shares of the Company standing to the credit of the said securities account.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy must be deposited at the Registered Office of the Company at C-21, Jalan Medan Selayang 1, Medan Selayang, 68100 Batu Caves, Selangor Darul Ehsan at least forty-eight (48) hours before the time appointed for the Meeting or any adjournment thereof.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 July 2019.

Fold this flap for sealing

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AFFIX
STAMP
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HUA YANG BERHAD
(Company No. 44094-M)
C-21, Jalan Medan Selayang 1
Medan Selayang, 68100 Batu Caves
Selangor Darul Ehsan

1st fold here

Huayang (44094-M)

Your dreams, made affordable®

Head Office

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Medan Selayang, 68100 Batu Caves
Selangor Darul Ehsan, Malaysia

Johor Branch

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53 & 55, Jalan Besi
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123A, Jalan Raja Permaisuri Bainun
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Perak Darul Ridzuan, Malaysia

Penang Branch

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Pulau Pinang, Malaysia